bodying a 30-hour week, with minimum wage program; to the Committee on Labor.

128. Also, petition of 10 citizens of Minneapolis, Minn., urging enactment of legislation providing for the revaluation of the gold ounce; to the Committee on Coinage, Weights, and Measures.

129. Also, petition of eight citizens of Twin Lakes, Minn., urging passage of legislation providing for revaluation of the gold ounce; to the Committee on Coinage, Weights, and Measures.

130. Also, petition of 30 individuals, citizens of Minnesota, urging enactment of legislation providing for the revaluation of the gold ounce; to the Committee on Coinage, Weights, and Measures.

131. Also, petition of 101 citizens of Minneapolis, Minn., urging enactment of legislation to change the value of the gold ounce; to the Committee on Coinage, Weights, and Measures.

132. Also, petition of members of the Legislature of the State of Minnesota; to the Committee on Appropriations.

133. Also, petition of R. G. Goltz, Ed. T. Johnson, W. A. Anderson, J. F. Houston, and Andrew Fjoslien, committee for the mass meeting called by the Farmers' Holiday Association of Grant County, Minn., urging enactment of the Frazier bill, of legislation for monetary inflation, of legislation fixing a minimum price for farm products, of Government regulation of terminal and storage facilities, of elimination of grain speculation, of protective-tariff rights for imports of grain, meats, and fats, and of Government operation of railroads; to the Committee on Interstate and Foreign Commerce.

134. Also, petition of the legislative committee of the Meeker County Taxpayers' Association; to the Committee on Ways and Means.

135. Also, petition of Nobles County (Minn.) Farmers Union, urging enactment of the Frazier bill, the Swank-Thomas bill, the Wheeler bill, and the Patman bill, urging legislation to withdraw all taxable bonds, and urging legislation to postpone payment of penalties on all tax delinquencies for 2 years; to the Committee on Banking and Currency.

136. Also, petition of 28 individuals, citizens of Minnesota, urging enactment of legislation providing for the revaluation of the gold ounce; to the Committee on Coinage, Weights, and Measures.

137. By Mr. MALONEY of Connecticut: Petition of National Association of Railroad and Utilities Commissioners, adopted at forty-fourth annual convention held in Hot Springs, Ark., November 15 to 18, 1932; to the Committee on the Judiciary.

138. By Mr. MEAD: Petition of Buffalo citizens regarding support of the Capper-Kelly bill; to the Committee on Interstate and Foreign Commerce.

139. By Mr. O'CONNELL: Petition of the General Assembly of the State of Rhode Island, urging the use of granite in Federal construction; to the Committee on Appropriations.

140. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, relating to the consideration for granite and Wisconsin hard limestone in Federal construction in Wisconsin and other States because of its durability, dignity, and beauty; to the Committee on Public Buildings and Grounds.

141. Also, memorial of the Legislature of the State of Wisconsin, expressing confidence in, and support of, the measures taken by President Roosevelt and the national administration in the present banking crisis, and urging all depositors in banks to remain calm and have confidence in the measures taken by the President and the Congress of the United States; to the Committee on Banking and Currency.

142. By Mr. SUTPHIN: Petition of Italian Progressive Club, of Asbury Park, N.J., supporting the President of the United States in his economy and banking program; to the Committee on Economy.

SENATE

WEDNESDAY, MARCH 22, 1933

(Legislative day of Monday, Mar. 13, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3341) to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S.J.Res. 14) to authorize the Reconstruction Finance Corporation to make loans for financing the repair or reconstruction of buildings damaged by earthquake in 1933.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H.R. 3341) to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes, and it was signed by the Vice President.

PUBLIC BUILDINGS COMMISSION

The VICE PRESIDENT. Under authority of section 1, chapter 1, title 40, of the United States Code, the Chair appoints the Senator from Texas [Mr. CONNALLY] a member of the Public Buildings Commission to fill the vacancy caused by the resignation of Hon. Claude A. Swanson as Senator from Virginia.

THE JOURNAL

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the Journal for the calendar days of Monday and Tuesday, March 20 and 21, 1933, be approved.

The VICE PRESIDENT. Is there objection? The Chair hears none.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	King	Reynolds
Ashurst	Costigan	La Follette	Robinson, Ark.
Austin	Couzens	Lewis	Robinson, Ind.
Bachman	Dickinson	Logan	Russell
Bailey	Dieterich	Lonergan	Sheppard
Bankhead	Dill	Long	Smith
Barbour	Duffy	McAdoo	Steiwer
Barkley	Erickson	McCarran	Stephens
Black	Fess	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Trammell
Bratton	George	Metcalf	Tydings
Brown	Glass	Murphy	Vandenberg
Bulkley	Goldsborough	Neely	Van Nuys
Byrd	Gore	Norbeck	Wagner
Byrnes	Hale	Norris	Walcott
Capper	Harrison	Nye	Walsh
Caraway	Hatfield	Overton	Wheeler
Carey	Hayden	Patterson	White
Clark	Johnson	Pittman	
Connally	Kendrick	Pope	
Coolidge	Keyes	Reed	

Mr. REED. I desire to announce that my colleague the junior Senator from Pennsylvania [Mr. DAVIS] is still detained from the Senate by illness. I will let this announcement stand for the day.

Mr. FESS. I wish to announce that the following-named Senators are necessarily absent: Mr. DALE, Mr. HASTINGS, Mr. HEBERT, Mr. KEAN, Mr. SHIPSTEAD, and Mr. SCHALL.

Mr. BLACK. I desire to announce that the junior Senator from South Dakota [Mr. BULOW] is detained from the Senate by a slight illness. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-five Senators having answered to their names, a quorum is present.

RELIEF OF DISTRESS FROM EARTHQUAKE IN CALIFORNIA

Mr. GLASS. Mr. President, I submit the conference report on Senate Joint Resolution No. 14, having reference to the aid of the sufferers from earthquake in California. The report has been adopted by the other body, and I ask unanimous consent that it be adopted here.

The VICE PRESIDENT. Is there objection to the consideration of the report? The Chair hears none, and the clerk will read the report.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S.J.Res. 14) authorizing the President of the United States to expend $5,000,000 to relieve distress in those counties of California which have suffered from the catastrophe of earthquake in the year 1933, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the first amendment of the House, and agree to the same with an amendment as follows: After the numerals "1933," in the last line of the matter inserted by the House amendment, insert the following: "The aggregate of the loans made under this paragraph shall not exceed $5,000,000"; and the House agree to the same.

That the Senate agree to the amendment of the House amending the title of the joint resolution.

CARTER GLASS,
KENNETH MCKELLAR,
FREDERICK HALE,
HENRY W. KEYES
Managers on the part of the Senate.
J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. A. AYRES,
JOHN TABER,
ROBERT L. BACON,
Managers on the part of the House.

The report was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions of the House of Representatives of the State of Massachusetts, which were referred to the Committee on Education and Labor, as follows:

THE COMMONWEALTH OF MASSACHUSETTS, 1933.

Resolutions memorializing Congress to regulate the hours and wages of persons employed in manufacturing and industrial establishments

Resolved, That the House of Representatives of the Commonwealth of Massachusetts hereby memorializes Congress to enact legislation to prevent interstate commerce in commodities or articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day, and also that it enact legislation to guarantee the payment in such industries of minimum wages commensurate with the American standard of living.

Resolved, That certified copies of these resolutions be sent by the secretary of the Commonwealth to the presiding officers of both branches of Congress and to each of the Senators and Representatives from Massachusetts.

In house of representatives, adopted March 15, 1933.
[SEAL] FRANK E. BRIDGMAN, *Clerk*.
A true copy.
Attest:
F. W. COOK,
Secretary of the Commonwealth.

The VICE PRESIDENT also laid before the Senate a letter in the nature of a petition from R. P. Taylor, of Chicago, Ill., praying for the adoption of the plan known as the "Long plan" for the decentralization and spread of the wealth of the Nation among all the people, which was referred to the Committee on Finance.

Mr. ERICKSON presented a joint memorial of the Legislature of the State of Montana, favoring the passage of legislation reducing the rate of interest required to be paid on loans made by the Reconstruction Finance Corporation in aid of industries, which was referred to the Committee on Banking and Currency.

(See joint memorial, printed in full when laid before the Senate by the Vice President on Mar. 14, 1933, pp. 310–311, CONGRESSIONAL RECORD.

Mr. ERICKSON also presented a joint memorial of the Legislature of the State of Montana, favoring the passage of legislation relating to the suspension of payments and loans to the reclamation funds of irrigation projects, which was referred to the Committee on Irrigation and Reclamation.

(See joint memorial, printed in full when laid before the Senate by the Vice President on Mar. 13, 1933, p. 243, CONGRESSIONAL RECORD.)

Mr. GOLDSBOROUGH presented resolutions adopted by the Eastern Livestock Cooperative Marketing Association, at Baltimore, Md., favoring the retention of the Agricultural Marketing Act and protesting against the consolidation of the Federal Farm Board with any other governmental department, which were referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Maryland section of the American Society of Civil Engineers, favoring the making of adequate appropriation for stream-flow measurements, which was referred to the Committee on Appropriations.

He also presented a resolution adopted at a mass meeting of the Business and Professional Women's Council, Maryland Branch, National Woman's Party, at Baltimore, Md., favoring the repeal of section 213 of the so-called "Economy Act", relating to the employment of married persons in the Federal service, passed by the Seventy-second Congress, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by Fort Washington Chapter, No. 2, Disabled American Veterans of the World War, of Cumberland, Md., protesting against the passage of legislation providing for the publication of names of disabled veterans receiving compensation, which were referred to the Committee on Finance.

He also presented a paper and telegrams in the nature of petitions of the United Food Stores, Inc., the Lime and Cement Exchange, and W. F. Schluderberg, the Wm. Schluderberg-T. J. Kurdle Co., all of Baltimore, Md., favoring the repeal of the 2-cent excise tax on bank checks, which were referred to the Committee on Finance.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 681) requiring publicity for certain foreign-loan transactions;

A bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States; and

A bill (S. 683) to provide for the more effective supervision of foreign commercial transactions, and for other purposes; to the Committee on the Judiciary.

A bill (S. 684) to grant a patent to Albert M. Johnson and Walter Scott; and

A bill (S. 685) to extend the mining laws of the United States to the Death Valley National Monument in California; to the Committee on Public Lands and Surveys.

By Mr. DILL:

A bill (S. 686) granting a pension to Ferdinand Beyersdorf; to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 687) providing for the establishment of a term of the District Court of the United States for the Southern

District of Florida at Orlando, Fla.; to the Committee on the Judiciary.

By Mr. GEORGE:

A bill (S. 688) to provide for the refinancing of farm-mortgage indebtedness by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

By Mr. TYDINGS:

A bill (S. 689) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Lillian A. Stecher; to the Committee on Claims.

By Mr. BRATTON:

A bill (S. 690) for the relief of Charles L. Graves; to the Committee on Indian Affairs.

By Mr. BRATTON (for himself and Mr. CUTTING):

A bill (S. 691) to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to provide for the protection of the watershed within the Carson National Forest for the Pueblo de Taos Indians of New Mexico and others interested, and to authorize the Secretary of Agriculture to contract relating thereto and to amend the act approved June 7, 1924, in certain respects; to the Committee on Indian Affairs.

By Mr. BRATTON (for himself, Mr. CUTTING, Mr. SHEPPARD, and Mr. CONNALLY):

A bill (S. 692) providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; to the Committee on Public Lands and Surveys.

By Mr. DICKINSON:

A bill (S. 693) relating to the paid-in surplus of Federal land banks; and

A bill (S. 694) to provide for the liquidation of joint-stock land banks, and for other purposes; to the Committee on Banking and Currency.

A bill (S. 695) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to James R. Kelly; to the Committee on Claims.

A bill (S. 696) to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau; to the Committee on Foreign Relations.

A bill (S. 697) for the relief of Aileen Random Weber; to the Committee on Claims.

A bill (S. 698) granting a pension to Helen R. Benson;

A bill (S. 699) granting a pension to Charles T. Griggs;

A bill (S. 700) granting a pension to Anna Ross;

A bill (S. 701) granting a pension to Anna M. Shumaker;

A bill (S. 702) granting a pension to Elizabeth Spafford;

A bill (S. 703) granting a pension to Jemima E. Trowbridge;

A bill (S. 704) granting a pension to Mary S. Tuffree;

A bill (S. 705) granting a pension to Mary Jane Willey; and

A bill (S. 706) granting an increase of pension to Lydia J. Barton; to the Committee on Pensions.

By Mr. BORAH:

A bill (S. 707) for the relief of James J. Jordan; to the Committee on Military Affairs.

A bill (S. 708) granting a pension to John Bivens;

A bill (S. 709) granting a pension to Granville Brown;

A bill (S. 710) granting a pension to Charles D. Chinn;

A bill (S. 711) granting a pension to Edwin F. Guyon;

A bill (S. 712) granting a pension to Narcissa Hussey;

A bill (S. 713) granting a pension to Wilbern Alonzo Hussey;

A bill (S. 714) granting a pension to Stephen D. Jones;

A bill (S. 715) granting a pension to Olive A. Lewis;

A bill (S. 716) granting a pension to Taylor C. Lyon;

A bill (S. 717) granting an increase of pension to Tennessee F. Maynard;

A bill (S. 718) granting a pension to Ida H. McCullough;

A bill (S. 719) granting a pension to Hanna White; and

A bill (S. 720) granting an increase of pension to Truman H. Wilkinson; to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 721) authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims for adjudication and settlement; to the Committee on Claims.

A bill (S. 722) amending an act entitled "An act to provide for the allotting in severalty lands within the Northern Cheyenne Indian Reservation in Montana, and for other purposes";

A bill (S. 723) to amend the act of March 13, 1924 (43 Stat.L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder;

A bill (S. 724) defining the term "Indian" with respect to guardianship by the United States;

A bill (S. 725) authorizing the Secretary of the Interior in behalf of Indians to purchase the allotments of deceased Indians, and for other purposes; and

A bill (S. 726) to reduce the area of the Fort Peck irrigation project in the State of Montana; to the Committee on Indian Affairs.

A bill (S. 727) for the relief of Francis N. Dominick; to the Committee on Military Affairs.

A bill (S. 728) granting a pension to Ba-ta-wa-ha-cha, or Take the Bow Numbered 2;

A bill (S. 729) granting a pension to James A. Boone;

A bill (S. 730) granting a pension to James Conroy;

A bill (S. 731) granting a pension to Crooked Faced Child;

A bill (S. 732) granting a pension to Waumdi Duba (Red Eagle);

A bill (S. 733) granting a pension to Sarah J. Gould;

A bill (S. 734) granting a pension to Caroline Henkel;

A bill (S. 735) granting a pension to Jens A. Jepsen;

A bill (S. 736) granting a pension to Daniel S. J. Leif;

A bill (S. 737) granting a pension to John Ransom;

A bill (S. 738) granting a pension to Marie Taylor; and

A bill (S. 739) granting a pension to Joseph E. Williams; to the Committee on Pensions.

By Mr. GOLDSBOROUGH:

A bill (S. 740) for the relief of William G. Fulton; to the Committee on Claims.

A bill (S. 741) for the relief of Jennie Bruce Gallahan; to the Committee on the District of Columbia.

By Mr. BONE:

A bill (S. 742) to establish a national cemetery within the Fort Lewis Military Reservation, State of Washington; to the Committee on Military Affairs.

By Mr. STEPHENS:

A bill (S. 743) to amend the act approved June 30, 1932, entitled "An act providing for the transfer of the duties authorized and authority conferred by law upon the Board of Road Commissioners in the Territory of Alaska to the Department of the Interior, and for other purposes"; to the Committee on Commerce.

By Mr. NEELY:

A bill (S. 744) granting a pension to Eliza Gawthrop;

A bill (S. 745) granting a pension to Elmira F. Miller; and

A bill (S. 746) granting a pension to Cassie Randolph; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 747) to amend section 13 of the Federal Reserve Act by making notes of finance and credit companies subject to discount; to the Committee on Banking and Currency.

A bill (S. 748) for the relief of W. F. Lueders; to the Committee on Claims.

By Mr. STEPHENS:

A joint resolution (S.J.Res. 31) consenting that certain States may sue the United States, and providing for trial on the merits in any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30, 1866, 1867, and 1868, and vesting the right in each State to sue in its own name; to the Committee on Claims.

HEARINGS BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. KING submitted the following resolution (S.Res. 40), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on the Judiciary, or any subcommittee thereof, is authorized, during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not exceeding 20 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

HEARINGS BEFORE THE COMMITTEE ON INDIAN AFFAIRS

Mr. WHEELER submitted the following resolution (S.Res. 41), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Indian Affairs, or any subcommittee thereof, is hereby authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

AMENDMENT OF THE RULES—COMMITTEE ON INDIAN AFFAIRS

Mr. WHEELER submitted the following resolution (S.Res. 42), which was referred to the Committee on Rules:

Resolved, That clause 6 of Rule XVI of the Standing Rules of the Senate is amended by inserting immediately before the period at the end thereof a semicolon and the following: "and that three members of the Committee on Indian Affairs, to be selected by said committee, shall be ex-officio members of the Committee on Appropriations, to serve on said committee when the items pertaining to Indian affairs are being considered by the Committee on Appropriations in the bill making appropriations for the Department of the Interior, and at least one member of the Committee on Indian Affairs shall be a member of any conference committee appointed to confer with the House upon items pertaining to Indian affairs contained in the bill making appropriations for the Department of the Interior."

HEARINGS BEFORE THE COMMITTEE ON COMMERCE

Mr. STEPHENS submitted the following resolution (S.Res. 43), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Commerce, or any subcommittee thereof, is authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

SPECIAL EMPLOYEES

Mr. HAYDEN submitted the following resolution (S.Res. 44), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Sergeant at Arms hereby is authorized and directed to appoint four special employees to be paid from the contingent fund of the Senate at the rate of $1,000 each per annum until otherwise ordered by the Senate.

LOANS TO STATE BANKS AND TRUST COMPANIES

Mr. FLETCHER. Mr. President, from the Committee on Banking and Currency I report back favorably, with an amendment in the form of a substitute, the bill (H.R. 3757) to provide for direct loans by Federal reserve banks to State banks and trust companies in certain cases, and I submit a report (No. 4) thereon.

Mr. ROBINSON of Arkansas. Mr. President, this is the bill amending the Emergency Banking Act. As heretofore explained, Senate bill 320 passed this body last week, and after some delay was sent to the House of Representatives. The House incorporated in a new bill most of the provisions contained in Senate bill 320, added certain other provisions, and passed a new bill. That bill was received by the Senate yesterday, being H.R. 3757, bearing the same title, and was referred to the Committee on Banking and Currency.

The Committee on Banking and Currency met immediately after the recess of the Senate yesterday and has reported recommending an amendment in the nature of a substitute. As I understand the report, it incorporates the principal provisions of the Senate bill, the modifications of the Senate bill that were incorporated in the House bill, and adds thereto the terms of Senate bill 334 which was introduced by the Senator from Ohio [Mr. BULKLEY] and which passed the Senate several days ago, and concerning which the House has not yet taken action. I ask unanimous consent for the immediate consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, I desire to propound a question to the Senator from Arkansas. Does the report embody the unanimous judgment of the Senate Committee on Banking and Currency?

Mr. ROBINSON of Arkansas. It is my information that it does. Am I correct in that, I will ask the Senator from Florida?

Mr. FLETCHER. Mr. President, I did not catch the question.

Mr. McNARY. I asked, Does the report express the unanimous judgment of the Committee on Banking and Currency?

Mr. FLETCHER. Yes; and the committee reports an amendment in the nature of a substitute for the House bill.

Mr. CAREY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield further?

Mr. ROBINSON of Arkansas. I yield first to the Senator from Florida [Mr. FLETCHER].

Mr. FLETCHER. I have no objection to it, and I suggest that the clerk read the report. It is very brief.

Mr. NORRIS. Mr. President, if the Senator from Arkansas will yield, I should like to ask him a question before unanimous consent is given.

Mr. ROBINSON of Arkansas. Very well; I yield.

Mr. NORRIS. I am trying to get in my mind the parliamentary situation. I understand the Senate passed a bill and sent it to the House and then the House passed a different bill on the same subject, a House bill, and sent it to the Senate. When the House took that action was the Senate bill in the possession of the House?

Mr. ROBINSON of Arkansas. It was.

Mr. NORRIS. What explanation is made for the House's proceeding in that way? It seems to me that is quite an irregular proceeding. I never knew it to happen except in the case of the "lame duck" constitutional amendment, when there was the same kind of legerdemain.

Mr. ROBINSON of Arkansas. I have investigated that subject, and I do not think there was any substantial reason for the course taken by the House. I believe the House could easily have facilitated the disposition of the legislation by modifying the Senate bill and sending it back here, so that a motion might have been made to concur in the House amendments if the Senate had desired to adopt that course. But the thought that is in my mind now is that there is no justification for the Senate's becoming involved in a controversy about the legislation. The point I should like to have determined is the merits of the legislation that is proposed.

Mr. NORRIS. Mr. President, will the Senator yield again?

Mr. ROBINSON of Arkansas. I yield.

Mr. NORRIS. I am not going to object, and I am not interested in the authorship of the bill; I am not interested as to whether it is a Senate bill or a House bill, but I am interested in the orderly procedure of legislation in both

Houses. If we pass a bill on a certain subject and send it to the House, and then the House ignores the action of the Senate and passes a House bill with a House number, even though it be in identical language, and sends it to us, and the Senate should pursue a similar course, the Senator knows that under that kind of parliamentary procedure we never would conclude any legislation.

Mr. ROBINSON of Arkansas. That is exactly the reason that I am asking to proceed in the way I have indicated. I am asking to take up the House bill and consider its provisions, in the belief that if we pass the House bill with amendments the House may concur in the Senate amendments and thus accomplish the passage of the legislation. I think it is futile, and, if I may say so, rather a questionable procedure when one body has passed upon a measure for the other body to ignore that action and treat the subject as a new one; but I am anxious to have the legislation considered and acted upon.

Mr. NORRIS. I will say to the Senator that I am likewise anxious to have it considered, and for that reason I thought we ought to ignore what is at least a discourtesy, and what, if practiced generally, would block all legislation and prevent the legislative body's getting anywhere with anything. My principal object really was to call attention to that kind of a procedure. I am willing to overlook it, but I think it ought to be called to the attention of the Congress and to the country, too, that that is not the right way to legislate.

Mr. ROBINSON of Arkansas. I feel that the chairman of the House committee having jurisdiction of the legislation should ask action on the Senate bill. But, may I say to the Senator from Nebraska, this does not represent the sole instance in which a contrary course has been pursued. On other occasions the Senate has passed measures and after they have been transmitted to the body at the other end of the Capitol that body has passed similar measures and sent them over here, with the result that the Senate has adopted the House measures. Of course, the normal and proper procedure would seem to be for the body at the other end of the Capitol to act upon the Senate measure.

I recall on one occasion that a resolution submitted by myself was passed by this body; it went to the House, and after almost a week's delay substantially an identical resolution was passed by the House—a House resolution—and it came back to the Senate. I pointed out the course that had been taken and asked for the passage of the House resolution, and that was done.

However, as the Senator from Nebraska has stated, it is desirable to facilitate action, and that is the reason I am asking for the consideration of the House bill.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. McNARY. Mr. President, the able Senator from Wyoming [Mr. CAREY] was asking for recognition before I concluded.

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Wyoming?

Mr. ROBINSON of Arkansas. I yield to the Senator from Wyoming.

Mr. CAREY. Mr. President, the statement has been made by the chairman of the committee that the committee was unanimously in favor of this bill. I think there were at least 2 or 3 members who were not in favor of it, and I think the chairman is in error in stating that the bill was reported unanimously by the committee. I should like to make that statement.

Mr. LONG. Mr. President——

Mr. ROBINSON of Arkansas. Mr. President, may I make this statement? I have been told that some amendments will be proposed to the bill——

Mr. LONG. Yes.

Mr. ROBINSON of Arkansas. But I did not understand there was any objection to the report that was made by the committee, and I do not now so understand.

Mr. FLETCHER. Mr. President, perhaps the Senator from Wyoming is correct. I had in mind that when the motion was put, the ayes had it, and when the noes were called for I did not hear any, but it may be that there were as many as three out of the whole membership who did not vote for the motion to report the bill.

Mr. McNARY. Mr. President, in view of the action of the committee, I have no objection to the present consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. COUZENS. Mr. President, I understand that as yet there are no copies of the bill printed.

Mr. LONG. Yes, sir; here is a copy, I will say to the Senator.

Mr. FLETCHER. There have been printed as yet no copies of the substitute.

Mr. COUZENS. What the Senator from Louisiana has is not a copy of the bill.

Mr. FLETCHER. We have not had time to have the bill printed; the report has just been made. It can be printed very quickly, however, and I have a copy here in typewritten form which I will give to the Senator.

Mr. COUZENS. Mr. President, I am at a loss to understand why the bill that was introduced by the Senator from Arkansas [Mr. ROBINSON] and passed by the Senate apparently was not considered by the Banking and Currency Committee yesterday, especially as it relates to section 212 of the bill of the Senator from Arkansas, which permitted the Reconstruction Finance Corporation and the Federal reserve banks to make loans to any conservator appointed pursuant to section 203. The Senator from Arkansas will recall that when the bill referred to was considered by the Senate, I think he himself offered such a provision as an amendment to his own bill, and it was a very important element, a very important part of the bill, and played a very important part in securing its passage through the Senate. It now seems not to have been considered a part of the bill reported by the Committee on Banking and Currency.

Mr. ROBINSON of Arkansas. Neither was it embraced in the bill as it was passed by the House. I have no information on the subject as to why the provision was not incorporated. I may say, however, that under existing law receivers are authorized to make loans with the Reconstruction Finance Corporation, and that under the Emergency Banking Act which we passed on the 9th of March, as I now remember, the bank conservators appointed pursuant to section 203 of the Emergency Banking Act were given all the rights accorded to receivers. A question arose as to whether that language was sufficient to authorize the conservators to obtain loans from the Reconstruction Finance Corporation. I myself never believed that there was much in the question.

It seems to me that the Emergency Banking Act itself gave that right, but, out of deference to those who expressed a doubt about the matter, I offered the amendment, making the explanation at the time which I am repeating now, and the Senate incorporated section 212 in Senate bill 320. The House, however, failed to take note of that provision and did not include it in House bill 3757, and made some other changes or additions which I am prepared and which others are prepared to explain if consent be given for the consideration of the bill.

Mr. COUZENS. Mr. President, may I ask the Senator from Virginia [Mr. GLASS] if he concurs in the views expressed by the Senator from Arkansas [Mr. ROBINSON] that the conservator has already adequate power to borrow under the act of March 9, 1933?

Mr. GLASS. Yes; that is my view.

Mr. COUZENS. So the Senator does not think that it is necessary to incorporate the amendment which on motion of the Senator from Arkansas was added to Senate bill 320 when it was considered by the Senate before its passage?

Mr. GLASS. That was the thought of the experienced draftsmen at the Treasury Department, and I concur in that belief.

Mr. COUZENS. Does the Senator believe that the Federal Reserve Board will so interpret it?

Mr. GLASS. I think so. I will say for the benefit of the senior Senator from Nebraska [Mr. NORRIS] that the Banking and Currency Committee concurred so completely in the suggestion made today by the Senator from Nebraska as to the appropriate procedure with respect to this bank bill as that it unanimously authorized the bill perfected yesterday by the Senate to be introduced by the Senator from Arkansas as a new bill, to be known as the Robinson bill, and to ask unanimous consent for its immediate consideration, with the statement that it had met the approval of the Banking and Currency Committee.

The action taken by the House, if I am permitted under the rules to say so, was rather irregular and ungracious; and the Banking and Currency Committee of the Senate so thought, in concurrence with the view now expressed by the Senator from Nebraska.

As a matter of fact, the bill before the Senate is the Robinson bill, modified by the seasoned experts of the administration so as to authorize two things that were not authorized by the original Robinson bill; to wit, an examination of the condition of State banks before they should be accorded the privileges of the Federal Reserve facilities, and the issuance of Federal Reserve bank notes, which was not authorized by the Robinson bill. That and one other minor alteration made by the experts of the Treasury and the Federal Reserve Board, with the approval of the President, who was present at the interview, constitute the bill as passed by the House.

Then the Senate will recall that we unanimously passed the bill presented by the Senator from Ohio [Mr. BULKLEY], authorizing the purchase by the Reconstruction Finance Corporation of the debentures of State banks rather than the preferred stock of State banks, for the reason that certain States have laws against the issuance of preferred stock by State banks; and it was to meet that technical difficulty that the Bulkley bill was passed.

This bill, then, is the modified Robinson bill, with the addition of the Bulkley bill already passed by the Senate, and which we had reason to believe would not be acted upon by the House.

I think that definitely states the nature of the bill we are now considering.

Mr. METCALF. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Rhode Island?

Mr. GLASS. I do.

Mr. METCALF. Does this bill allow a mutual savings bank that has no stock to borrow from the Federal Reserve System? The bill uses the expression "nonmember State bank or trust company."

Mr. GLASS. I should not think so.

Mr. METCALF. The Senator does not think it would allow such a mutual savings bank to borrow from the Federal Reserve System?

Mr. GLASS. No; I should not think so, and I should not think it ought to.

Mr. METCALF. Not in these times?

Mr. FLETCHER. Mr. President——

Mr. CONNALLY. Mr. President, may I ask the Senator from Virginia a question?

Mr. GLASS. I prefer that the Senator should address it to the chairman of the Banking and Currency Committee.

Mr. FLETCHER. Mr. President, I want to answer first the question raised by the Senator from Rhode Island. There is this provision in the bill:

As used in this section, the term "State bank or trust company" shall include other banking corporations engaged in the business of industrial banking and under the supervision of State banking departments or of the Comptroller of the Currency.

Mr. GLASS. The Senator knows that that was intended to take care of what are known as the Morris Plan banks.

Mr. FLETCHER. Yes; I think that is true.

Mr. METCALF. But the Senator does not think a mutual savings bank would have the same privilege?

Mr. GLASS. If the Senator asks me, in frankness I am obliged to say that I do not think the legislation is necessary at all.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. McNARY. Mr. President, a few moments ago, when unanimous consent was requested, I had assumed that the bill was in print and on the desks of Senators. Upon reflection and inquiry I ascertained that that was not possible.

Of course, there is always confusion incident to legislating unless the text of the measure is before us. I have no desire to delay the bill; in fact, I was very happy to assist the Senator from Arkansas in securing its early and present consideration; but much criticism has been leveled at legislation where bills are not before the various Members of the Senate, that they may study the text as the argument proceeds. It occurs to me that the bill might be printed by 2 o'clock or half past 2; and I suggest to the Senator from Arkansas to consider the advisability of a recess until the bill can be printed and placed upon the desk of each individual Senator.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Louisiana?

Mr. McNARY. I yield.

Mr. LONG. If the Senator from Oregon will pardon me just a minute, we understand that this is the House bill that is printed. The only controversial matter is in the House bill. The Bulkley bill has been printed by the Senate, and everybody has seen it. The House bill, H.R. 3757, simply has added to it the Bulkley bill, which has already been printed. We all understand it, I think. The only controversial matter is in this bill.

Now, we need this legislation. If it is going to be enacted, and is all right, why not let us take it up now?

Mr. McNARY. Mr. President, I do not want to delay the bill, but a matter of 2 hours is no delay. When the bill is before us in printed form we can consider it logically and sensibly.

Mr. LONG. There are only two points in the bill, Mr. President.

Mr. McNARY. That may be, but the bill ought to be printed and placed before us in the form in which it is to be presented in argument and in which we are to vote upon it.

Mr. LONG. It can be. There are only two controversial points, and they are whether or not we will eliminate two amendments that have been made, one of which requires a thorough examination of the banks, and the other, a new section, requiring that they deposit certain funds in the Federal reserve banks.

Mr. McNARY. The Senator from Louisiana is very conversant with this subject matter. Some of the rest of us are not; and I think it conforms to a better system of legislation to have the bill in its text before us.

Mr. ROBINSON of Arkansas. Mr. President, of course it is not possible to proceed with the consideration of the bill except by unanimous consent. I think the request for printed copies is a reasonable one, but I do not believe the time suggested by the Senator from Oregon would be adequate to assure that we will have printed copies available. I think we might take a recess until, say, 4 o'clock, and that that would enable us to dispose of the bill today, and not occasion any material delay.

The Senator from Louisiana has correctly stated that the printed bill, H.R. 3757, embraces some of the provisions of Senate bill 320, and that the only change made in that bill relates to what is known as the "Bulkley Act", pertaining to preferred stock. However, if the Senator from Oregon thinks it will conduce to a fairer deliberation upon the measure, I shall ask unanimous consent that the Senate take a recess until 4 o'clock, at which time the Senate will proceed with the consideration and disposition of the bill before the end of the present calendar day.

The VICE PRESIDENT. Is there objection?

Mr. ADAMS. Mr. President, will the Senator yield to me for the purpose of submitting amendments which I propose to offer when the bill comes up?

Mr. ROBINSON of Arkansas. Very well; I think that should be done, and that the amendments that are proposed should be printed so as to be available.

The VICE PRESIDENT. Without objection, the amendments will be received, printed, and lie on the table.

Is there objection to the request of the Senator from Arkansas?

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. ROBINSON of Arkansas. Certainly.

Mr. FLETCHER. I have just inquired, and I am informed that it would take about 3 hours to get the print here.

Mr. ROBINSON of Arkansas. That is the reason why I suggested 4 o'clock.

The VICE PRESIDENT. May the Chair state that the parliamentarian suggests that in order to make an agreement to vote at a certain hour it is necessary to call the roll of the Senate?

Mr. McNARY. There is no desire to fix a time to vote; merely to consider this particular measure.

Mr. ROBINSON of Arkansas. I will modify the request so as to obviate that necessity and make it in the following form, namely: That the Senate take a recess until 4 o'clock, and that upon reconvening we proceed to the consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. CLARK. Mr. President, I have an amendment I desire to offer which I have not yet reduced to writing. I ask unanimous consent that I may reduce it to writing and submit it to be printed and lie on the table.

Mr. ROBINSON of Arkansas. Very well; and the Senator from Washington [Mr. BONE] submitted to me a moment ago a draft of an amendment which I see he is presenting now to be printed.

Mr. BONE. I present the amendment and ask to have it printed and lie on the table.

The VICE PRESIDENT. Without objection, permission will be given to have the amendments printed and lie on the table. Is there objection to the request of the Senator from Arkansas?

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Before a recess is taken, I move that the Senate proceed to the consideration of executive business.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

FOREIGN SERVICE

The VICE PRESIDENT. Reports of committees are in order.

Mr. ROBINSON of Arkansas. Mr. President, for the Senator from Nevada [Mr. PITTMAN], the chairman of the Committee on Foreign Relations, who is unavoidably absent, I submit two favorable reports from that committee.

The VICE PRESIDENT. The reports will be read.

ROBERT WORTH BINGHAM

The Chief Clerk read the nomination of Robert Worth Bingham, of Kentucky, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Great Britain.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent for the present consideration of the nomination.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, in the absence of the Senator from Idaho [Mr. BORAH] and the Senator from California [Mr. JOHNSON], I shall have to object.

Mr. ROBINSON of Arkansas. May I say that I am certain that the Senator from Idaho would like to have the matter disposed of. This represents a unanimous report from the Committee on Foreign Relations.

Mr. McNARY. I suggest to the Senator from Arkansas that he withhold the request at this time.

Mr. ROBINSON of Arkansas. Very well; I will withhold the request until later.

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. As I understand, the Senator from Arkansas asked unanimous consent that the Senate take a recess until 4 o'clock, and that was granted. Are we not in recess? How do we happen to be transacting business?

Mr. ROBINSON of Arkansas. No; the motion to recess has not yet been made.

Mr. NORRIS. But the Senator asked unanimous consent that the Senate take a recess.

Mr. ROBINSON of Arkansas. Consent was given that when the Senate decided to recess it might do so.

Mr. FESS. That is what the Senator meant, but not what he said.

Mr. ROBINSON of Arkansas. Very well; if any Senator desires to be technical, I ask unanimous consent to modify the request. We have proceeded to the consideration of executive business.

The VICE PRESIDENT. The Senator from Arkansas asks unanimous consent to modify his request so that after the executive session the Senate will take a recess upon the motion of some Senator until 4 o'clock. Is there objection? The Chair hears none.

The clerk will read the next nomination.

IRVING N. LINNELL

The Chief Clerk read the nomination of Irving N. Linnell, of Massachusetts, now a Foreign Service officer of class 2 and a consul general, to be also a secretary in the Diplomatic Service of the United States of America.

Mr. ROBINSON of Arkansas. I ask unanimous consent for the consideration of that nomination.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. I think that falls in the same category.

Mr. ROBINSON of Arkansas. It is a routine nomination, but I will let it go over. Of course, it is subject to objection.

The Senate resumed legislative session.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, unless there is some further business to be transacted at this time, I move that the Senate take a recess until the hour of 4 o'clock.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 12 o'clock and 44 minutes p.m.) the Senate took a recess until 4 o'clock p.m., when it reassembled, and the Vice President resumed the chair.

WHEELER BILL FOR REMONETIZATION OF SILVER

Mr. WHEELER presented resolutions of the Butte Workingmen's Union, Federal Labor Union No. 12985, American Federation of Labor, of Butte, and Great Falls Mill and Smeltermen's Union No. 16, International Union of Mine, Mill, and Smelter Workers, of Great Falls, in the State of Montana; of the Lincoln Central Labor Union, of Lincoln, Nebr., and of La Grande Central Labor Union, affiliated with the American Federation of Labor, of La Grande, Oreg., in favor of the passage of the Wheeler bill for the remonetization of silver, which were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Be it resolved by the Butte Workingmen's Union, Federal Labor Union No. 12985, American Federation of Labor, of Butte, Mont.:

First. That the Senators and Representatives for the State of Montana be, and they are hereby, requested to give their support to and to vote for Senate bill No. 2487, commonly known as the "Wheeler bill," now pending in the Congress of the United States; and

Second. That a copy of this resolution, signed by the president and secretary and under the seal of this union, be mailed to each of said Senators and Representatives forthwith.

FRANCIS J. MCKELVEY, *President.*

Attest my hand and the seal of the union.

[SEAL] CLINTON L. WILLIAMS, *Secretary.*

The following resolutions were concurred in by the Great Falls Mill and Smeltermen's Union No. 16, of the International Union of Mine, Mill, and Smelter Workers:

"Whereas the business of the world is stagnant and suffering, and causing a serious condition of unemployment and hunger; and

"Whereas it has been conclusively proven by eminent economists and statesmen that one of the principal causes for the present bad economic conditions is the low, unstabilized value of silver: Therefore be it

"*Resolved*, That Local No. 16 of the International Union of Mine, Mill, and Smelter Workers go on record as being in favor of the passage of the Wheeler bill (S. 2487); and be it further

"*Resolved*, That we urge upon the President of the United States, and the United States Senators, and Representatives in Congress, from the silver-mining States, the passage of this bill; and be it further

"*Resolved*, That a copy of these resolutions be forwarded to the President of the United States, and to Representatives in the Senate and Congress, from the silver-mining States; also to the President of the American Federation of Labor; and be it further

"*Resolved*, That this organization will do all within its power to bring about a world conference for the stabilization of silver."

Done in regular meeting assembled, March 13, 1933.

[SEAL] JOHN W. TREAGER, *President*.

LINCOLN, NEBR., *March 3, 1933*.

To the Hon. BURTON K. WHEELER,
Washington, D.C.

DEAR SIR: In a regular meeting of the Lincoln Central Labor Union the following resolution was passed:

"*Resolved*, That the Lincoln Central Labor Union endorse the Wheeler bill, known as "Senate file S. 2487", and that a copy be sent to Senator B. K. WHEELER, and a copy be mailed to Senators G. W. NORRIS, R. B. Howell, Congressmen J. H. MOREHEAD, E. R. BURKE, EDGAR HOWARD, A. S. SHALLENBERGER, and TERRY CARPENTER. Or in case of death or resignation be given to their successor."

Also a copy be sent to the press.

[SEAL] LINCOLN CENTRAL LABOR UNION,
BRITT PRYOR, *President*.
ERNEST BOCK, *Secretary*.

Resolution adopted by the La Grande Central Labor Union at their regular meeting held March 9, 1933

Whereas the La Grande Central Labor Union has for the past several months made an exhaustive study of the present economic conditions; and

Whereas in this study we have consulted a number of outstanding men who thoroughly understand the basic principles of money values; and

Whereas as a result of this study we have concluded that one of the major causes of the present depression is the unstable condition of money values; and

Whereas we are convinced that this condition would be corrected by the enactment of Senate bill 2487, known as the "Wheeler bill", for the remonetization of silver: Therefore be it

Resolved, That we as a body memorialize Congress to enact this bill (S. 2487) into law at the earliest possible moment; and be it further

Resolved, That a copy of this resolution be sent to the sponsor of this bill, Senator B. K. WHEELER, and a copy to our Senator and Representative from this district.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Robinson, Ind.
Ashurst	Costigan	Logan	Russell
Austin	Couzens	Lonergan	Sheppard
Bachman	Dickinson	Long	Shipstead
Bailey	Dieterich	McAdoo	Smith
Bankhead	Dill	McCarran	Steiwer
Barbour	Duffy	McGill	Stephens
Barkley	Fess	McKellar	Thomas, Okla.
Black	Fletcher	McNary	Thomas, Utah
Bone	Frazier	Metcalf	Trammell
Bratton	George	Murphy	Tydings
Brown	Glass	Neely	Vandenberg
Bulkley	Goldsborough	Norbeck	Van Nuys
Byrd	Gore	Nye	Wagner
Byrnes	Hale	Overton	Walcott
Capper	Hatfield	Patterson	Walsh
Caraway	Hayden	Pittman	Wheeler
Carey	Johnson	Pope	White
Clark	Kendrick	Reed	
Connally	Keyes	Reynolds	
Coolidge	King	Robinson, Ark.	

Mr. BLACK. I wish to announce that the junior Senator from South Dakota [Mr. BULOW] is detained by a slight illness.

I also wish to announce that the senior Senator from Mississippi [Mr. HARRISON] is necessarily absent.

Mr. FESS. I desire to announce that the following-named Senators are necessarily absent: Mr. DALE, Mr. HASTINGS, Mr. HEBERT, Mr. KEAN, Mr. CUTTING, and Mr. SCHALL.

I also desire to announce that the Senator from Delaware [Mr. TOWNSEND] is unavoidably detained.

Mr. LA FOLLETTE. I was requested to announce that the senior Senator from Nebraska [Mr. NORRIS] is absent on official business.

Mr. DIETERICH. I wish to announce that my colleague the senior Senator from Illinois [Mr. LEWIS] is absent on account of illness.

The VICE PRESIDENT. Eighty-one Senators having answered to their names, a quorum is present.

LOANS TO STATE BANKS AND TRUST COMPANIES

The Senate resumed the consideration of the bill (H.R. 3757) to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases.

Mr. FLETCHER. Mr. President, before other amendments are offered, I would like to propose a formal amendment merely to preserve the proper connection in the bill. On page 6, line 1, after "(c)", I move to insert the following:

Such section 304 is further amended by adding at the end thereof the following new sentence:

And before the word "As" in line 1, and after the word "Currency", in line 5, I move to insert quotation marks.

The VICE PRESIDENT. Without objection, the amendments are agreed to.

Mr. LONG. Mr. President, I send to the desk an amendment and ask that it be reported and be considered at this time.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The CHIEF CLERK. Add at the end of the bill a new section, as follows:

The Reconstruction Finance Corporation is hereby authorized and instructed to readjust and rearrange all loans heretofore or hereafter made by it to national banks, member banks of the Federal Reserve System, and to State banks and trust companies, on the basis of collateral so that the respective loan shall be equal to approximately 90 percent of the estimated value of the collateral securing the same.

Mr. LONG. I ask that the amendment be inserted as section 3 at the end of the bill. This is nothing new. It simply places the Reconstruction Finance Corporation loans in the same category as the Federal reserve loans. The Emergency Banking Act which we passed allows the Federal Reserve System to lend on an estimated value of 90 percent; that is, they lend 90 percent of the estimated value of the collateral. The amendment does no more and no less than to allow the Reconstruction Finance Corporation to apply the same yardstick that the Federal Reserve System is applying.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. BARKLEY. I notice the Senator uses the word "readjust"—that the Reconstruction Finance Corporation shall "readjust" its loans. I presume that means loans already made and outstanding?

Mr. LONG. Yes.

Mr. BARKLEY. How can they readjust their loans so as to make them upon a 90 percent basis without decreasing them or requiring payment in some cases or increasing the loans up to 90 percent?

Mr. LONG. I would state that this is not a matter of any physical or financial difficulty at all. I think I am authorized to say that another Senator in this Chamber and myself—I do not mind stating that it was the senior Senator from Mississippi [Mr. HARRISON]—were present at a conference with the Reconstruction Finance Corporation on yesterday afternoon and we were told that they had the plans made, in the event of such a thing being adopted as a policy, so that they could immediately adopt it.

It would mean just this: Here is a little bank that has put up 3 for 1. The bank has no more collateral. It cannot put up anything more with the Federal Reserve System, because when it borrowed $1,000 it put up $3,000 of collateral. We now come along with a policy of law and say that bank should have been allowed really a loan of $900 on every $1,000 of collateral. That is written in the Emergency Banking Act. They are entitled to have the loan adjusted so as to liquidate on that basis. They have already put up their collateral and there is no reason why they should be closed out. Now that we have propounded a scientific basis of loans, there is no reason why we should shut those people out.

Mr. BARKLEY. In other words, if the Senator's amendment is adopted, where a bank has borrowed $10,000,000 and has put up collateral that is worth $20,000,000, we would force the Reconstruction Finance Corporation to loan that bank on that same collateral $8,000,000 more.

Mr. LONG. If it is worth that money.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. LONG. I have the floor and I yield to the Senator from Arkansas, and I shall yield to any other Senator who desires me to do so.

Mr. ROBINSON of Arkansas. I point out to the Senator from Louisiana that the amendment as he has proposed it is a direction to the Reconstruction Finance Corporation to readjust loans so that they shall be based upon approximately 90 percent of the estimated value of the collateral securing the same.

Mr. LONG. Yes; the Senator is correct.

Mr. ROBINSON of Arkansas. Yes; I have the amendment before me. The act to which the Senator has referred, namely, the Emergency Banking Act, does not give any such direction to the Federal Reserve System. It fixes a maximum limit so that not exceeding 90 percent of the value of the collateral may be loaned.

Mr. LONG. I have no objection to modifying the amendment in that respect. I would modify the language so that it may accord with the suggestion of the Senator from Arkansas.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. LONG. I yield.

Mr. BARKLEY. If the amendment is adopted with respect to loans which the Senator has in mind, it will actually put a limitation on the power of the banks to make loans. Under the law as it is now they can loan 100 percent if they want to do so. The requirement is that the loans shall be adequately secured. If they want to loan 100 percent on collateral they may do it, but under the Senator's amendment they can only loan 90 percent.

Mr. LONG. I wish to modify the amendment.

Mr. ROBINSON of Arkansas. Before the Senator proposes the modification, may I point out this consideration, that his amendment deals with contracts already in existence?

Mr. LONG. That is true.

Mr. ROBINSON of Arkansas. And with loans that have already been made?

Mr. LONG. Yes.

Mr. ROBINSON of Arkansas. And they have been made within the discretion of the Reconstruction Finance Corporation. Now to take away from them discretion with respect to loans that they have already made under the statute would seem to me to be a very doubtful procedure.

Mr. LONG. For the Senator's information I will state that very frequently after the Reconstruction Finance Corporation has made a loan it has looked over the collateral again and made an additional loan. Have they not done that?

Mr. ROBINSON of Arkansas. They can still do that without any amendment.

Mr. LONG. They can and they cannot. Before proceeding, in order that I may conform to what the Senator from Arkansas has said, I want to modify my amendment by striking out in the second line the words "and instructed."

The VICE PRESIDENT. The Senator from Louisiana modifies his amendment.

Mr. LONG. I also wish to make a further modification by striking out the word "approximately" in the next to the last line and inserting the words "not exceeding."

Mr. BYRNES. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator from Louisiana modifies his amendment as indicated. Does the Senator yield to the Senator from South Carolina?

Mr. LONG. Yes.

Mr. BYRNES. Is there any restriction in the law as to loans by the Reconstruction Finance Corporation other than that the security shall be adequate?

Mr. LONG. I think the law reads "good and adequate security"; but I wish to say to the Senator from South Carolina and to the other Senators that the Reconstruction Finance Corporation has interpreted that provision in such a way that they have required as collateral from two to three times and in some instances four times the amount of the loan.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. LONG. Yes.

Mr. BARKLEY. In other words, they have required that in face value; but, as a matter of fact, the worth of securities may not be as much as they have loaned.

Mr. LONG. No, sir; they have required it in possible worth.

Mr. BARKLEY. "Possible worth"?

Mr. LONG. I mean by "possible worth" potential worth, one might say.

Mr. BARKLEY. Yes. In other words, if the stock market goes back to where it was in 1929, the security would be worth the loan?

Mr. LONG. No, sir; it is not based on stock-market value; the stock market does not affect this kind of loans. I hope that I am not offending the Senate when I am undertaking to quote their own language as to the yardstick. I have tried to put myself in line with the action of the Senate, and I have adopted, as the Senator from Arkansas very appropriately suggests, the language heretofore employed by the Senate. I hope that I will not appear ridiculous if I undertake to measure it by a yardstick that the Senate has seen fit to adopt as proper. I have conformed in every manner and particular with the policy and with the language heretofore adopted by the Senate itself.

Gentlemen of the Senate, a few days ago I tried to get a loan, and was informed by the Reconstruction Finance Corporation that if they were told to apply the same construction to their loans as has been ordered by Congress to be applied to the Federal Reserve loans, they could afford considerable additional extensions in the loans they have made.

I happened to have had a case where on a loan of some several thousand dollars they had required more than 3 for 1. How had they required 3 for 1? The bank, on its original loan, had taken collateral of from $1.50 to $2 for every dollar it had loaned.

Mr. WAGNER. Mr. President, will the Senator yield for a question right there?

Mr. LONG. Yes, sir.

Mr. WAGNER. Is there anything now in the statute which would prevent the Reconstruction Finance Corporation from loaning 90 percent on securities which are offered as collateral for a loan?

Mr. LONG. I must confess to the Senator that I have tried to convince the Reconstruction Finance Corporation that there was nothing to prevent them from doing that.

Mr. WAGNER. All that they are required to ascertain and determine is whether or not the collateral will adequately secure the loan.

Mr. LONG. Yes, sir; that is true.

Mr. WAGNER. In the case of certain types of collateral they may decide that in extending a loan of 90 percent of its value they are making a perfectly safe loan, and there is nothing in this proposed statute to prevent loans of that kind from being made.

Mr. LONG. I am not talking about what is in the statute; but I should like to have the Senator convince the Reconstruction Finance Corporation that what he has said is correct. I will tell what they did yesterday. They required the bonds of a parish and of a city, the largest city in the South, that are in no wise in default for anything on earth, and they accepted them on a basis of $1.65 for each dollar that they loaned. That happened yesterday, and the obligations were those of a municipality. I talked it over with the Reconstruction Finance Corporation and I talked it over with other members of the administration, and I was informed by them that if we gave them this yardstick by which to act it would mean they would be, possibly as much as from 50 to 75 percent, more liberal in making their loans than they have already been.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir.

Mr. BARKLEY. In other words, whereas now they can "go the whole hog" by loaning 100 percent—

Mr. LONG. They do not do that.

Mr. BARKLEY. If we tell them they cannot go above 90 percent, then they will loan 90 percent, whereas now they only loan 50 percent.

Mr. LONG. The Senator is talking about something that does not exist. They do not "go the whole hog" at all; as they interpret it, they cannot do that.

Mr. BARKLEY. They can do so, provided they think the hog is worth the money.

Mr. LONG. That is what the Senator says, but that is not what the Reconstruction Finance Corporation says.

Mr. BARKLEY. I am now talking about values.

Mr. LONG. I wish the Senator were a member of the board and that the other members would interpret it as the Senator does.

Mr. BARKLEY. I do not know why the Senator wants to wish a thing like that off on me; I have not done a thing to him. However, I know nothing about the value of the New Orleans bonds; I do not know whether they are quoted on the stock market or not; but knowing the difficulty of marketing any kind of municipals or even State bonds at this time, it seems to me that the Reconstruction Finance Corporation is justified in taking into consideration the liquidity of the bonds in making a loan upon them.

Mr. LONG. I will state to the Senator that under the Wagner bill they transferred $7,000,000 worth of bonds for $7,000,000 in cash, and the bonds were no more valuable than those which the Reconstruction Finance Corporation got yesterday, and which they required perhaps $1.65 for $1. That was a self-liquidating project. However, the point I am trying to make to my distinguished friends from New York and Kentucky is that while they may interpret the law to mean that the Reconstruction Finance Corporation can loan up to a dollar, the corporation itself does not interpret it in that way, and they never have interpreted it in that way, for practically every loan they have got in their portfolio is based on from 2 or 3 or 4 to 1.

Mr. BARKLEY. That is because the market value of these securities has fallen to such an extent that the face value does not any longer represent the market value.

Mr. LONG. That is not the information I get. I am satisfied if the Senator had gone around there as many times as I have he would know that the information they give is that they have acted under compulsion to require collateral with sufficient added in order to make the loan safe without any question.

Mr. HATFIELD. Mr. President——

Mr. LONG. I yield to the Senator from West Virginia for a moment.

Mr. HATFIELD. The securities which the Reconstruction Finance Corporation have taken for loans may not be reflected on the stock market; indeed, practically most of them are not.

Mr. LONG. Farm loans are not reflected on any market; and, as an indication of that, after the banks have required 2 for 1 from the farmer the Reconstruction Finance Corporation has required 3 or 4 for 1 from the banks, making all the way from 6 to 8 for 1 in order to get money on the basis of such loans.

Mr. FLETCHER. Mr. President, will the Senator yield to me for a moment?

Mr. BARKLEY. Mr. President——

Mr. LONG. I yield first to the Senator from Florida.

Mr. FLETCHER. Section 10 (b) does not carry any provision about 90 percent at all, as I remember. What we are talking about here is the correct action of the Reconstruction Finance Corporation with reference to the making of loans. We cannot regulate that. We are giving them power to make loans upon adequate security, and they have got to have the discretion to pass upon its adequacy. They might escape all responsibility if we were to pass a law and say, "You can make these loans without any security." Of course if that were written into the law, they might not have a very good excuse to the Senator from Louisiana for not making the loan that he wanted, but their conduct in exacting too much security is not a matter that we can fix by law here any more than we have fixed it by providing that the security shall be adequate. The discretion has got to rest somewhere.

I myself think that they have exacted in many instances two or three times as much as they really ought to have required; I think there is some just complaint about that; but we cannot pass a law and say 60 percent or 70 percent or 80 percent or 90 percent of the value of the security shall be loaned; we have got to leave it finally to them to say what is adequate security.

Mr. LONG. Why was it done in the case of the Federal Reserve Board?

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. LONG. Yes, sir.

Mr. ROBINSON of Arkansas. That was what was done, if I may point it out to the Senator from Louisiana, and as he will see by examining the Emergency Banking Act which we are seeking to amend here, in the case of loans to banks on time and demand notes. The requirement is that the time and demand notes must be secured to the satisfaction of such Federal reserve banks.

As pointed out by the Senator from Florida, or as implied in his statement, that provision of the Emergency Banking Act had relation to member and nonmember banks of the Federal Reserve System; but by the provisions of the pending bill we are extending it to State banks. The provision which the Senator is seeking to modify has relation to the issuance of the Federal Reserve bank notes or the time and demand notes of member and nonmember banks. In other words, the 90 percent limitation applies to the amount of Federal Reserve bank notes that hay be issued and not to the amount of loans that may be made on time and demand notes. The provision——

Mr. LONG. Mr. President——

Mr. ROBINSON of Arkansas. Just a moment.

Mr. LONG. Is the Senator referring to title 4 on page 6?

Mr. ROBINSON of Arkansas. The provision with respect to the issuance of Federal reserve bank notes is that the amount issued shall not exceed 90 percent of the estimated value of the time and demand notes, but that has no direct relationship to the amount of collateral that must be used to obtain a loan on time and demand notes.

Mr. LONG. I think the Senator has overlooked section 401 of title IV, from which I read as follows:

> When such circulating notes are issued against the security of obligations of the United States, the amount of such circulating notes shall be equal to the face value of the direct obligations of the United States so deposited as security; and, when issued against the security of notes, drafts, bills of exchange, and bankers' acceptances acquired under the provisions of this act, the amount thereof shall be equal to not more than 90 percent of the estimated value of such notes, drafts, bills of exchange, and bankers' acceptances so deposited as security.

Mr. ROBINSON of Arkansas. That is exactly what I pointed out to the Senator from Louisiana. The 90 percent limitation does not apply to collateral for loans, but does apply to the issuance of Federal Reserve bank notes.

Mr. LONG. That is right.

Mr. ROBINSON of Arkansas. In other words, if a State bank under this bill, after it shall have been passed, should apply for Federal Reserve bank notes and should offer Government bonds, it could get the face value of the bonds in the bank notes.

Mr. LONG. That is true.

Mr. ROBINSON of Arkansas. If it offered collateral, it could not get more than 90 percent of the estimated value of the time or demand notes. That is the distinction.

Mr. LONG. That is true; that is the distinction.

Mr. ROBINSON of Arkansas. But neither the Reconstruction Finance Corporation nor the Federal Reserve Board is limited to a loan of 90 percent on the collateral, because, under the law, in theory at least, they have authority to loan the face value of the collateral.

Mr. LOGAN. Mr. President——

Mr. LONG. I yield to the Senator from Kentucky.

Mr. LOGAN. Mr. President, I do not know whether the amendment of the Senator from Louisiana would reach the trouble or not. I ask him if he has considered this phase of bank loans:

A bank has borrowed from the Reconstruction Finance Corporation and put up as much as 3 for 1, sometimes 4 for 1. Then the bank has paid probably a half or a third of the loan, and the Reconstruction Finance Corporation has refused to release the security.

Mr. LONG. It holds every dime of it.

Mr. LOGAN. It holds it all. It was enough, probably, to secure twice the amount.

Mr. LONG. Yes, sir.

Mr. LOGAN. And now it has been reduced still more.

Mr. LONG. Yes, sir; and I am now trying to give a yardstick here.

Mr. ROBINSON of Arkansas. It is not proposed to interfere with that.

Mr. LONG. Well, it does. I went up to them and undertook to get them to rearrange and revalue, and I showed them just exactly what had been done by the Congress with regard to the Federal reserve bank; and they told me that if they had that kind of a stipulation they could revalue the collateral and unfreeze a situation, but they did not feel that they had a right to change the basis upon which they have operated until there was such a law.

Mr. BLACK and Mr. CONNALLY addressed the Chair.

Mr. LONG. I yield first to the Senator from Alabama. Then I will yield to the Senator from Texas.

Mr. BLACK. Mr. President, I might say to the Senator that I am very much interested in the question which he raises, but I am very fearful that the amendment he has does not fit the subject. I am interested in it for two reasons. The readjustment of some loans that are made at the present time on present values might bring about a reduction in the loan, and we would not desire that. I am vitally interested in the question raised by the Senator where banks now have up 3 or 4 for 1 of collateral, and where they may desire to obtain the benefit of the other features of the bill; but I call the Senator's attention to the fact that, in my judgment, the amendment does not touch that. It is purely administrative. They have the right now, if they desire, to lend 100 percent of the value of the collateral. They might hold the value of that collateral to be 100 percent of the face value. If this amendment should be adopted, there would be a restriction of the right which they now have, and instead of having the right to lend 100 percent of the face value they would be limited to 90 percent of the face value.

Mr. LONG. The Senator need not worry. I have investigated the matter pretty thoroughly, and the Senator need not worry about anything where they have loaned 100 percent.

Mr. BLACK. They have not.

Mr. LONG. No; they have not.

Mr. BLACK. But there is a difference between the face value and the actual value.

Mr. LONG. That is true. I recognize that.

Mr. BLACK. What I am getting at is that in my judgment this is wholly and completely a matter of administration.

Mr. LONG. It is.

Mr. BLACK. They have a right now to do exactly what the Senator suggests.

Mr. LONG. Yes; I admit that.

Mr. BLACK. And they have a right to do more, in my judgment, than they would have a right to do under this amendment.

Mr. LONG. Yes, sir; they have.

Mr. BLACK. In order to aid in this emergency, there should be a liberal administration, so that these banks that have put up collateral and now have the right to obtain more from the Federal Reserve bank should have it liberalized; but I am frank to state, after listening carefully, that in my judgment the Senator's amendment instead of broadening their authority as it is written would restrict their authority.

Mr. COUZENS. Mr. President——

Mr. LONG. I am going to hand the Senator from Alabama a copy of my amendment, so that he may be studying it, and may suggest a little amendment to it to cover the point he mentions.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. LONG. I yield first to the Senator from Texas. Then I will yield to the Senator from Michigan.

Mr. CONNALLY. Mr. President, let me ask the Senator with relation to the question raised by the Senator from Kentucky [Mr. LOGAN]: If a bank has borrowed on three or four times as much collateral as the amount it borrows, and has paid half of the loan, what is to prohibit the Reconstruction Finance Corporation from letting it pay the old loan and making a new loan on a new basis?

Mr. LONG. Nothing, except that they will not do it.

Mr. CONNALLY. But I, for one, do not believe we ought to open the gates of the Treasury any wider. I believe the Reconstruction Finance Corporation has plenty of authority now, and that we are dishing out money to a lot of concerns that ought not to be loaned any money at all.

Mr. LONG. That may be true. I yield now to the Senator from Michigan.

Mr. COUZENS. Mr. President, may I point out to the Senator from Louisiana that if he will read section 10 (b) of section 402 of the banking act of March 9——

Mr. LONG. Wait a minute; I have not found section 10 (b). Is that the one regarding ineligible paper on page 7?

Mr. COUZENS. It is on page 7 of the act of March 9.

Mr. LONG. Yes; I am familiar with that section.

Mr. COUZENS. If the Senator will observe, there is nothing to prevent a borrower from the Reconstruction Finance Corporation paying up his loan and withdrawing his security and going to the Federal Reserve System, if he can make a better deal with the Federal Reserve System than he can with the Reconstruction Finance Corporation.

Mr. LONG. But the facts of the case are these: We know that the State banks have had the black cap put on them by the Federal Reserve System. We might just as well talk frankly. The black cap has been pulled over the face of the State banks by the Federal Reserve System. We know that there is not any chance of life for them at present. What I am trying to do is to give a chance of life to the State banks.

I am going to read, just as an example, the amendment upon which we are to vote this afternoon. I want the Senator from Michigan to understand that I have had a little experience with the Federal Reserve System, and I know he has; and I know that today they are holding as much as 4 for 1 on loans that we cannot unfreeze a dime of, and that in some instances where we have paid down we still cannot get a dame back. Going to the Federal Reserve

Board for help is like being rescued by someone without anything to help you.

In this instance they have provided, by amending this bill over in the House, which I understand higher authorities than myself have concurred in doing, that in the first place they have to have the approval of the State banking superintendent that they are a sound and a solvent bank; then, in the words of this statute, they have to have a thorough examination by the Federal Reserve Board and have to be found solvent not only by the State but after a thorough examination by the Board; and if there is anything left of them when they get through with that, then they have to conform to the requirement of putting up a certain reserve with the Federal Reserve System.

In other words, that varies, I think, all the way from 3 to 7 percent. I fail to remember exactly what the particulars are; but the bank applying for a loan under the amendment we are proposing to adopt has to be thoroughly overhauled. It may take 6 weeks, it may take 6 months, it may take a year, to get the kind of examination at the hands of the Federal Reserve Board that they are asking for. Then they have to have a certificate; and if they have their money tied up in some other bank that has been closed, they will not be able to put up the reserve in order to make the loan from the Federal Reserve Board at all.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me for a moment?

Mr. COUZENS. Mr. President——

Mr. LONG. I yield to the Senator from Indiana. Then I will yield to the Senator from Michigan.

Mr. ROBINSON of Indiana. I am in entire sympathy with what the Senator from Louisiana seeks to accomplish by his amendment. I am just wondering if he thinks it will accomplish the purpose he has in mind if adopted by the Senate.

Mr. LONG. I can only say that I was to the Reconstruction Finance Corporation and conferred with various officials and attachés of that organization in an effort to get them to revalue the loans they had on the same basis as we had prescribed here in the emergency banking law for the Federal Reserve Board, and they were in considerable doubt as to whether they would or would not.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LONG. I was assured that if they had instructions that they could apply this yardstick they had the matter all arranged, and it would mean that considerable extensions could be granted to the State banks that now cannot be granted, and also to national and Federal Reserve banks.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Michigan. Then I will yield to the Senator from Maryland.

Mr. COUZENS. Mr. President, what would the State banks who withdrew this excess collateral do with it after they got it?

Mr. LONG. They would not have to withdraw it, Mr. President. If the Reconstruction Finance Corporation had a loan of $200,000, and had $600,000 security, the Reconstruction Finance Corporation would have at least $350,000 more collateral upon which it might advance that bank money to permit it to open its doors.

As an example, if I may give the Senator a typical example——

Mr. COUZENS. I understand what the Senator means.

Mr. LONG. As an example, gentlemen of the Senate, in the city of New Orleans the Federal Reserve bank examined a certain bank in the month of November, and reported in November 1932, that that bank, above all loans and charge-offs and losses, had a clear capital of over $5,000,000.

Mr. WAGNER. Mr. President——

Mr. LONG. When the time came to reopen that bank, the Federal Reserve Board has held that it cannot allow that bank to open at all, and the black flag has been hung in the front of a bank on which they rendered a report in the month of November that it had a clear bank capital of $5,000,000, and they have "broke" 300 corresponding banks which cannot open today because of the fact that the Federal Reserve Board will not permit it.

Mr. WAGNER. Mr. President, will the Senator yield right there?

Mr. LONG. In just a moment. They have borrowed $9,000,000 from the Reconstruction Finance Corporation on collateral estimated to be worth around $26,000,000. If they could get a revaluation along the basis of the yardstick that we prescribed in the Emergency Banking Act, they would be able to have sufficient money upon which to rearrange that loan and to go ahead with their business. So far as expecting any relief from the Federal Reserve Board is concerned, we have given up.

Mr. TYDINGS. Mr. President——

Mr. LONG. I yield to the Senator from Maryland, as I promised to do. Then I will yield to the Senator from New York.

Mr. TYDINGS. I think the Senator will concede that the only banks that have been permitted to open up to now which are under the Federal Reserve System are those with unimpaired capital.

Mr. LONG. No, sir; I will not concede any such thing.

Mr. TYDINGS. At least, that is the general yardstick.

Mr. LONG. That is what they said. I know one bank that was kept alive for the last 3 years by blowing artificial stimulants into it, and it is the first one to which they gave a permit in my State.

Mr. TYDINGS. And of course, inferentially, under the new banking act, these banks that are now open have an indirect bank guaranty, because the Federal Reserve System in effect is back of them to stand a 100 percent run on the bank.

Mr. LONG. Maybe so.

Mr. TYDINGS. I think that is correct. The State banks, particularly the nonmember banks, are open, notwithstanding the fact that their capital is not unimpaired. The banks in many of the States are open on a small basis. Now, suppose that the Federal Reserve bank or the Reconstruction Finance Corporation makes loans to these nonmember banks and the loans are not sufficient to withstand future runs and the bank closes, then the assets of the bank, which have been put up for some of the new Federal bank note money, are in the hands of the Federal Reserve bank or the Reconstruction Finance Corporation, and a huge liquidating corporation would have to be set up to convert those assets into cash. Is that correct?

Mr. LONG. I do not follow the Senator as being correct in that, but I prefer to listen to the Senator.

Mr. TYDINGS. Wherein am I wrong up to now?

Mr. LONG. The Senator has stated a propostion, as his initial premise, that I do not think the law is back of. The Federal Government is not in any respect supposed to be back of the banks which it opens.

Mr. TYDINGS. I think we can safely say that member banks of the Federal Reserve System, national banks which have gotten licenses to reopen, can take all their collateral to the Federal reserve banks under this new bank act and borrow practically 100 cents on the dollar on it.

Mr. LONG. If that is so, it is very unfair.

Mr. TYDINGS. And, if that is true, they can stand a 100 percent run. In other words, that class of bank, when open, can stay open.

Mr. LONG. No.

Mr. TYDINGS. Now the Senator is asking that that privilege be given to banks which, though they are open, cannot stay open.

Mr. LONG. They can stay open if they are as liberal toward them as the Senator says they are toward Federal reserve banks.

Mr. TYDINGS. Yes; they can still be as liberal, and the banks cannot stay open, because their capital was not unimpaired when they opened. Those banks are opening on a 5 percent or a 10 percent or a 2 percent daily withdrawal basis. Their capital is impaired. Now, if we put out this money against commodity assets in large quantities without regard to the bank's ability to stay open once it is open, the Federal Government is apt to have a lot of money out based on commodities which are not worth the amount of the loan at the time the loan is made, and, therefore, we will have uncontrolled inflation, will we not?

Mr. ADAMS. Mr. President——

Mr. LONG. I do not agree with the Senator. I yield to the Senator from New York. Then I will yield to the Senator from Colorado.

Mr. TYDINGS. I have not finished yet. I hope the Senator is going to let me finish. I am not going to be much longer.

Mr. LONG. All right; I have no objection.

Mr. TYDINGS. I should like to have an answer to my question.

Mr. LONG. I do not agree with the Senator.

Mr. TYDINGS. Will not that be uncontrolled inflation if money is issued upon assets which are not worth what they were when the money was issued?

Mr. LONG. It will take a little time for me to answer the Senator, but I will answer him now.

Mr. ADAMS. Mr. President, might I interrupt the Senator to ask a question of the Senator from Maryland?

Mr. LONG. Certainly.

Mr. ADAMS. Does the Senator from Maryland understand that the Federal Reserve authorities and the Comptroller of the Currency have been authorizing the opening of banks with impaired capital?

Mr. TYDINGS. No.

Mr. ADAMS. That is what I understood the Senator to say.

Mr. TYDINGS. I said with unimpaired capital. Only those Federal Reserve member banks are opened today by license of the Federal Government which have unimpaired capital, namely, taking the actual losses, plus the likely losses, plus the depreciation of the bank's investment, adding those three items together, and if that sum is greater than the bank's surplus and undivided profits its capital is impaired and the bank cannot be opened. That is a rough formula, but I think that is substantially the correct formula.

Mr. ADAMS. That is substantially the same requirement as to State banks.

Mr. TYDINGS. Yes.

Mr. ADAMS. So that any bank is opened that has the certificate of the banking authorities that its capital is not impaired.

Mr. COUZENS. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COUZENS. Who has the floor?

The VICE PRESIDENT. The Senator from Louisiana has the floor.

Mr. COUZENS. Can the Senator from Louisiana parcel out the time and hold the floor?

The VICE PRESIDENT. The Chair understands that a Senator may yield only for a question.

Mr. LONG. There has been no objection made, and I have been undertaking to accommodate Senators who desired to ask questions.

Mr. TYDINGS. I will not interrupt the Senator from Louisiana longer except to observe that as I see his amendment it really means, in effect, that the Federal reserve would throw its resources back of a great many banks which are likely to close eventually, with the result that it would mean, in the last analysis, uncontrolled inflation of our currency.

Mr. LONG. Mr. President, if I may be permitted to proceed, inasmuch as objection has been made to my yielding except for a question, I hope that Senators will understand that I have tried to accommodate those who desired to interrupt.

Mr. WAGNER. Mr. President, I should like to ask the Senator just one question.

Mr. LONG. I yield.

Mr. WAGNER. The Senator has stated that he has conferred with the members of the board of the Reconstruction Finance Corporation.

Mr. LONG. Yes.

Mr. WAGNER. And that they favored this sort of legislation?

Mr. LONG. No; I did not say they favored it.

Mr. WAGNER. They stated to the Senator that they would increase the amount of the loans based on the collateral deposited, if this amendment should be adopted?

Mr. LONG. I conferred with them yesterday along with the senior Senator from Mississippi, and I had conferred with them individually before, and I was assured by them, and received only that impression, that if they were to operate on the basis of some such provision as that I propose, it would mean that they would make considerable extensions in loans on collateral which they now have.

Mr. WAGNER. Did they give it as their opinion that a loan to the extent of 90 percent of the collateral was a safe loan for the Reconstruction Finance Corporation to make?

Mr. LONG. I do not know that they did; but the yardstick they prescribed has been 90 percent. That has been what Congress has done.

Mr. WAGNER. The point I wanted to make was this: That if they regarded that as a safe collateral for a loan—that is, to lend 90 percent of the collateral deposited—they can do it now without any such amendment as that which the Senator offers.

Mr. LONG. The Senator has drawn the line just where I wanted to show it. They have indicated that heretofore they have required from 2 to 3 for 1, feeling that that must be what might be called a safe practice under our previous legislation; but when we have stated that they could lend them up to 90 percent, I have observed from what they stated that they have interpreted it as meaning that, if they could apply that yardstick, they could lend a great deal more money. Why is it that there is argument here about it being so manifestly unfair and such an illogical and inflationary process to allow them to lend up to 90 percent on the dollar of the estimated value, when Congress has already done it, and everybody voted for it the other day except two or three of us?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. The Senator is confusing the making of a loan with the enjoyment of the circulating privilege with respect to money.

Mr. LONG. What is the difference?

Mr. BARKLEY. There is quite a lot of difference.

Mr. LONG. I do not know of any. You allow one of them to issue money and the other to have money.

Mr. BARKLEY. This 90 percent provision applies to collateral that is put up by any member bank with the Federal reserve bank upon which the circulating privilege is granted.

Mr. LONG. That does not make any difference. If one is money, the other is money.

Mr. BARKLEY. To enjoy the circulating privilege under the Federal Reserve System is a quite different thing from making a loan with a Federal reserve bank. I do not understand yet why the Reconstruction Finance Corporation takes the position that, whereas now, with a hundred percent limitation, they do not make these loans up to 90 percent, if we were to put in a 90 percent limitation, they would be able to make them.

Mr. LONG. I thought I was accommodating the Senator's views. I yielded to the suggestion made by the Senator from Arkansas. I agree we ought to provide, as I originally had the amendment, that they ought to be required to lend up to 90 percent of the estimated value.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. McKELLAR. Is not the substance of the Senator's amendment this—that he seeks to control the discretion of the Reconstruction Finance Corporation in making the loans?

Mr. LONG. No; the substance of my amendment is this—that after we have gone ahead here and sapped up the assets of every little country bank, on the basis of 3 to 1 or 4 to 1, you come in here and turn these big banks loose on a basis of 90 cents on the dollar, and it is not fair and it is not right to hold 3 for 1 and 4 for 1 of the little State banks of this country. Now you have decided to be liberal, but liberal only to the big banks which have not been squeezed out before the hand of relief came. It is not fair and it is not right to save them now by giving them 90 cents on the dollar, but holding 4 for 1 and 3 for 1 in the case of the little State banks. You have already broken the State banks. Every time you let them have a little thousand dollars you made them put up $3,000 worth of securities. It is only a question of time when it would break the State banks. You said, "We are going to correct the situation," and you have corrected it by allowing the circulating currency. What is the difference between circulating currency and a loan up to 90 cents on the dollar? But now you will not allow this to be applied generally.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. I put my question: Is it not true that when loans are made by the Federal Reserve banks under the Emergency Banking Act, and under this amendment, the time and demand notes must be secured to the satisfaction of the Federal Reserve bank? And is it not also true that when Federal Reserve bank notes are issued, that issue is on the time and demand notes and not on the collateral? So that if a loan is made by a Federal Reserve bank, for purposes of illustration, it might require 2 for 1 as security for the time and demand notes, but the amount of circulation that could be increased would be limited to the amount of the time and demand notes. Is not that distinction clear to the Senator?

Mr. LONG. It may be a distinction, but there is no difference.

Mr. ROBINSON of Arkansas. Oh, yes; there is a clear difference, if I may be permitted to say so in the Senator's time. The loan is made on the time and demand notes, which must be secured to the satisfaction of the Federal Reserve bank. That means—does it not?—that the Federal Reserve bank may require such amount of collateral as it thinks is necessary to secure the time and demand notes.

Mr. LONG. For a loan.

Mr. ROBINSON of Arkansas. And it is not limited to 90 percent. But when Federal Reserve bank notes are to be issued, they are not issued on the collateral, they are issued on the time and demand notes, secured, perhaps, by collateral of two or three times the amount of the time and demand notes. The distinction is perfectly clear to me.

Mr. LONG. The point I am making is this, that it does not make any difference whether they would require more on the loan; but I shall read what is provided in title IV, section 401, as follows:

When such circulating notes are issued against the security of obligations of the United States, the amount of such circulating notes shall be equal to the face value of the direct obligations of the United States so deposited as security; and, when issued against the security of notes, drafts, bills of exchange, and bankers' acceptances acquired under the provisions of this act, the amount thereof shall be equal to not more than 90 percent of the estimated value of such notes, drafts, bills of exchange, and bankers' acceptances so deposited as security.

That is the provision of the law, and there is no question but that they are allowed to issue money at 90 cents on the dollar. That is the law and we have already adopted it. They might require more for loans under other sections, but the borrowers are always going to avail themselves of the very best sections of the law, and the law allows them to have notes issued at 90 cents on the dollar of collateral such as bankers' acceptances, promissory notes, and the like. It is an unfair thing we have done about all this business, although much is said of the great good we have done through the enactment of the emergency banking law.

I want to read something which will show what we have done thus far. I shall read part of a letter from a cotton textile mill, probably the largest one in North Carolina. The letter is dated March 21, 1933, and reads, in part:

The emergency banking bill that was passed has certainly been a boomerang in North Carolina, as most of our banks are State banks. My own opinion is that the President was poorly advised, and I believe the Wall Street crowd has put over another raw deal on the people. Here in Greensboro, a town of 66,000 people, we have no bank at all, and what the end is going to be no one can foretell.

Here is a letter from one of the biggest institutions in the Southern States, in a town of 66,000 people. There is not a bank in the town today, and as a result of what? As a result of the fact that we have allowed this kind of preferential system to go on. We have made those people put up from 3 to 4 for 1 with the Reconstruction Finance Corporation. Do not say that has not been done, because that is what they have done, and we have all known about it all the time. We came along and found out that it was going to break the banks if they required them to put up 3 or 4 for 1. It ought to have been known all the time that we would not let the Reconstruction Finance Corporation work unless they would lend money to the little banks. But when it got down to the point that the little banks could not furnish deposits for the big banks any longer, then the big banks had to have help, and instead of applying the yardstick of 3 and 4 for 1 we went down to 90 percent. So we have applied the yardstick finally of 3 and 4 until we have dried every little State bank up. They had the money put in the back door at 33 cents on the dollar, and they shoved it out to the depositors at 100 cents on the dollar. But when the scorpion had gotten up so high to where he was about to poison the top structure, then we said, "This system is going to break the big banks of the country", and we came along and allowed them to issue circulating currency at 90 cents on the dollar, if they had ordinary collateral; 100 cents on the dollar, if they had Government bonds; and we are still undertaking this unfair discrimination.

Why should you not say that the United States Government is opening solvent banks today? Of course, they are solvent. But if you go and extend this 90-cents-on-the-dollar provision to the other banks which are closed as dead as a hammer today, they will be just as solvent as the banks that are opening up under that discriminatory law we passed in the last 10 or 15 days.

After you have killed the goose that laid the golden egg, you see that this policy of 3 or 4 for 1 has broken the State banks. Why did you not apply the same yardstick throughout? Because we saw that something else had to be done; and when we got to the point when something else had to be done to save the big banks of the country, we amended the law to allow them to lend at the rate of 90 cents on the dollar, and, in the words of the Senator from Virginia, we have guaranteed the bank deposits of the "big boys" who were left open. But that is not a sound thing, according to what we hear here. We are going to lend the big banks 90 cents on the dollar. I say "lend." We are giving them the right to issue circulating currency, and that is the same thing. Yet the Government, the Reconstruction Finance Corporation, holds the notes and collateral of the little banks throughout the country today 4 for 1 and 3 for 1 and 2 for 1, and it keeps those banks closed and sends the depositors of those banks into destruction because we are not applying the same yardstick to them that we are applying to the other banks. That is our system today.

Mr. CONNALLY. Mr. President, I am in favor of the bill, but I do not favor the amendment offered by the Senator from Louisiana. Whether a bank is a big bank or a little bank, I do not want it to borrow any money from the Government unless it has adequate security. The State banks could have come into the Federal Reserve System in the past if they had desired to do so. They did not come into it. Naturally they are going to suffer some inconvenience by reason of not being members of the Federal Reserve System.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Virginia?

Mr. CONNALLY. Certainly.

Mr. GLASS. I may say to the distinguished Senator from Texas that the State banks may come in now if they desire——

Mr. CONNALLY. To be sure.

Mr. GLASS. And that approximately 300 of them have applied to come into the System.

Mr. CONNALLY. I am glad to have the information which the distinguished Senator has furnished me, to the effect that 300 State banks have applied since the enactment of the emergency legislation.

Mr. LONG. But they will never get in. They have applied, but that does not get them into the System.

Mr. CONNALLY. Mr. President, I want to take this occasion to make some observations about the Reconstruction Finance Corporation. I think we have gone almost "hog wild" in putting into the hands of the Reconstruction Finance Corporation the power to loan money to nearly everybody on earth. I know of several projects which are applying now to the Reconstruction Finance Corporation for money which were never conceived in normal times, which nobody would ever have proposed to finance in a normal way in normal times; but now, because it is thought the money can be obtained out of the Federal Treasury, schemes have been hatched to organize projects to go to the Federal Treasury and get the money with which to finance them.

We talk here every day about economy. We talk about balancing the Budget. But every dollar of money that the Reconstruction Finance Corporation lends today comes out of the Federal Treasury. It has issued no debentures and sold none to the public. The act which created the Reconstruction Finance Corporation was based on the assumption that it would finance itself by issuing its own bonds or its own debentures and selling those debentures to the public. However, my information is that it has never sold a single dollar's worth of debentures to the public, but that every dollar it has loaned comes out of the Federal Treasury by means of the purchase by the Treasury of the debentures of the Federal Reconstruction Finance Corporation.

We talk about balancing the Budget. All the money we are handing out to the Reconstruction Finance Corporation forms a part of the $5,000,000,000 deficit which we are piling up on the backs of the American taxpayers every day in the year. I believe the present law leaves it in the discretion of the Reconstruction Finance Corporation to pass upon the character of security and determine whether the security is adequate. I am not complaining, and I hope other Senators will not complain, that the Government has too much security for its loans. I should much prefer that the taxpayers of the United States and the Treasury have more security than is necessary for the repayment of loans than that it should have inadequate security or less security than is necessary for the repayment of the loans.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. McCARRAN in the chair). Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I yield.

Mr. BARKLEY. I suppose the Senator realizes that the Government under existing laws will probably lose hundreds of millions of dollars that have already been loaned not only to private corporations of another nature but to banks?

Mr. CONNALLY. Why, of course, Mr. President. While I have no accurate information on the subject, yet from experience with other financial institutions, from the experience of some of the banks, from the experience of the Government heretofore, I am confident that the Government will lose not only $100,000,000, but several hundred million dollars of the people's money because of the making of these loans through the Reconstruction Finance Corporation.

Mr. BARKLEY. Mr. President, will the Senator from Texas yield further?

Mr. CONNALLY. Certainly.

Mr. BARKLEY. Prior to the proclamation inaugurating the bank holiday more than 700 banks which had borrowed money from the Reconstruction Finance Corporation had closed, notwithstanding the fact that some of them, indeed most of them, had borrowed the money in order that they might remain open. Of course, the Reconstruction Finance Corporation is going to lose a large part of those loans, and that means that the Treasury will lose it and the taxpayers of the United States will lose it, as a result of their efforts to keep private corporations from going under.

Mr. CONNALLY. To be sure. The Senator from Kentucky and other Senators know that when a bank closes, those who owe it feel a less obligation to pay it than they felt when the bank was a going concern. Many of the assets of the closed banks now held by the Reconstruction Finance Corporation will never be utilized to the extent of repayment of the loans in full. The Government stands to lose hundreds of millions of dollars in that way.

Mr. President, I shall not vote for any bill instructing the Reconstruction Finance Corporation to make any kind of loan unless it has adequate security therefor. We have carried this thing of charity in the making of loans to everybody to such an extent that the fact of the business is that practically everybody now is looking to the Federal Treasury to finance their institutions or to finance themselves. Let me warn Senators that this financial honeymoon will not last forever. There will come a pay day some day. The banks which are borrowing money from the Reconstruction Finance Corporation some day will be called upon to make settlement. The people who owe the banks will be called upon some day to make settlement. The taxpayers of the United States will some day be called upon to make settlement for these billions of dollars—I do not mean millions, but I mean billions of dollars—that we are pouring out through the Reconstruction Finance Corporation. I shall vote for a bill to permit loans to State banks, but I want those loans to be made upon adequate security.

So far as I am concerned, as a matter of policy for the future, I shall favor curtailing the activities of the Reconstruction Finance Corporation rather than broadening its activities. I believe that the time has come in which we ought to call a halt on these wholesale loans by the Reconstruction Finance Corporation to almost every kind and character of corporation and project in the United States.

My distinguished friend the senior Senator from Michigan [Mr. COUZENS], who honors me with his attention, knows that most of the millions of dollars which we have loaned to railroad companies did not go toward paying their running expenses. Where did those millions go? Did they go to pay their running expenses? No, indeed. Most of that money went to pay bank loans in New York City, loans made by Morgan & Co., the National City Bank, and others. The United States Government simply substituted itself as a creditor instead of those great banks. What did those New York banks do with the money when they got it? Did they finance the banks over the country? No, indeed; they locked up that money in their vaults and kept it there. So far as the United States Government is concerned, the Reconstruction Finance Corporation Act in these particulars did not accomplish the purpose for which it was designed. It simply gave to the big New York banks many millions of dollars for their shaky paper, and the United States Government became the creditor instead of those banks.

Mr. President, without offense to Senators in whose States the projects which I am about to mention are proposed to be located, let me suggest that among others it is now proposed to construct a bridge across San Francisco Bay at a cost of sixty-odd million dollars. How is it going to be financed? It is proposed to finance it out of the Treasury of the United States. In the boom days did anybody propose financing that kind of a project privately? Did anyone propose selling the bonds in California and New York for the financing of the project? Oh, no. They had talked about the project for years. It was a dream. It was regarded as something fanciful which some day might become a reality. But the moment we passed the Reconstruction Finance Corporation Act and opened the doors of the vaults of the United States Treasury, those men who had been dreamers became in a moment practical men. They saw that the Treasury doors were open. They said, "See, the Treasury doors are open. We are going to Washington to get $63,000,000," and under what pretext? Under the pretext of unemployment relief! Under that pretext it was proposed to get the taxpayers' money, $63,000,000 of it, to construct a bridge across San Francisco Bay, a scheme into which no one had ever been willing to put a dollar of their own money, but it is proposed now to put $63,000,000 of somebody else's money into it if they can get it out of the Treasury of the United States.

It is proposed to build a tunnel under the Hudson River, I understand. Someone is knocking at the doors of the United States Treasury and asking for $93,000,000 to build a tunnel under the Hudson River. The city of New York cannot finance itself. It has been knocking at the doors of the Reconstruction Finance Corporation and asking for a loan. Here is a city that cannot sell its own securities, and yet it is willing to go in debt $93,000,000 more if the United States Treasury will furnish the money. Unemployment relief? Under the pretext of unemployment relief this tunnel-building is proposed.

Was any such scheme as that proposed in normal times? Has the National City Bank subscribed for any of the stock of that project? Has the Chase National Bank subscribed for any of the stock of that project, or would either one of them have done so in normal times? No, indeed; but when the United States Treasury has its doors thrown open through the Reconstruction Finance Corporation, they veneer the proposal all over with the plea that it is for the relief of the unemployed and also to relieve the United States taxpayer, and they come down here to Washington and say, "In order to go under the Hudson River we want $93,000,000 of somebody else's money."

Mr. President, I do not believe that projects of that kind were ever in the minds of Congress when it enacted that law. It enacted the Reconstruction Finance Corporation law as an emergency proposition to finance going concerns, to finance the normal activities of business and of industry. We did not enact it with the idea in mind of conjuring up "pipe dreams", schemes that cannot stand on their own legs, but have to borrow the legs of somebody else.

Mr. President, I favor the bill, but I shall not vote for any amendment that instructs or authorizes or suggests to the Reconstruction Finance Corporation that it may or shall make any kind of a loan unless it has adequate security to back it. I want the Treasury of the United States and the taxpayers of the country to be recognized somewhere in this wild orgy of spending.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Georgia?

Mr. CONNALLY. I yield.

Mr. GEORGE. May I invite the Senator's attention to the fact that under the last amendment of the Reconstruction Finance Corporation Act, whatever it meant originally, the projects do not even have to be self-liquidating?

Mr. CONNALLY. I thank the Senator. The Senator from Georgia calls my attention to the fact that under the last amendment of the Reconstruction Finance Corporation Act it is not even required that the projects be self-liquidating. In other words, they may come and get the money whether they show they can repay it out of their own revenues or not. Self-liquidating? Why, Mr. President, there is no such thing involved now as a self-liquidating project. It is said that a self-liquidating project is one which by taxation or by tolls gets its revenue and therefore can pay these obligations. Where is there a self-liquidating district in the United States? Why, Mr. President, it was necessary even for the Senator from Louisiana [Mr. LONG] to hawk the bonds of New Orleans and subdivisions of Louisiana which have the taxing power.

Mr. LONG. Mr. President, what does the Senator mean by the word "hawk"?

Mr. CONNALLY. Did the Senator think I said "hog"? [Laughter.]

Mr. LONG. "Hawk."

Mr. CONNALLY. I thought the Senator might have thought I said "hog." Knowing the Senator's fondness for that term, I thought he might have expected me to use it. If the Senator does not know what "hawk" means, I shall tell him what it means. It means what he was doing as a United States Senator, going down and appealing to the Reconstruction Finance Corporation to let the political subdivisions of his State have money, begging it to make loans; and, when he got loans to the extent that the actual value of the proffered securities justified, complaining now that he did not get 90 percent of their face or purported value. That is what I mean by "hawk." If the Senator had any other place to go, doubtless he would hawk his bonds from the Reconstruction Finance Corporation over to that other place and try to get 90 percent.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONG. The Senator is mistaken. We got 100 cents on the dollar, and we did that to accommodate the Government.

Mr. CONNALLY. On what project?

Mr. LONG. On all of them.

Mr. CONNALLY. Then, what is the Senator complaining about if he got 100 percent?

Mr. LONG. I am not complaining. The State of Louisiana was trying to help the Government. [Laughter.]

Mr. CONNALLY. The Senator from Louisiana now says that he was able to get 100 cents on the dollar for all the securities which were offered to the Reconstruction Finance Corporation. He helped the Government by borrowing its money. Then, why be cnocerned about only 90 percent? If the Senator has methods by which he can get 100 percent from the Reconstruction Finance Corporation, he certainly ought to be satisfied, as other Senators are satisfied, with the law, and leave it as it is.

Mr. LONG. Mr. President, if the Senator will yield, that was under a special provision of the Wagner bill affecting a self-liquidating project.

Mr. CONNALLY. What was the project?

Mr. LONG. It was a bridge across the Mississippi River.

Mr. CONNALLY. I forgot the bridge across the Mississippi. I shall talk about that now. [Laughter.]

The Senator from Louisiana tells us that he got 100 cents on the dollar from the Treasury—for what? For a self-liquidating corporation organized to build a bridge across the Mississippi River. Why was not that bridge built when times were good? Why did not the people interested issue bonds and sell them on the market in 1928 or 1929? Nobody thought of it or if they did think of it they only thought of it sufficiently to say "no," because they did not do it. No; they did not do it. They want a bridge across the Mississippi River, to cost $15,000,000—I believe that is the amount. Did they get only 90 percent? No; they get 100 percent. Did they have to put up $1.65 for $1? No. The Senator from Louisiana, by some sort of process, extracted 100 cents out of the Treasury of the United States when he could not extract a cent out of his own people and his own investors. Self-liquidating! He tells us that it is a "self-liquidating project," because they have the power of taxation, and yet he complains in the next breath that he had to take the bonds of the city of New Orleans, which is also a self-liquidating corporation, and which also possesses the taxing power, and he admits that they are not self-liquidating, because, when he took them down to the Reconstruction Finance Corporation and wanted to borrow money on them, the corporation required $1.65 of security for a dollar in money. Is that self-liquidating? If it is self-liquidating when they cannot sell their bonds, when they cannot pay the interest on their bonds, when the taxes which the people are able to pay will not meet the fixed charges—if that is self-liquidating, I am in favor of taking away from the Reconstruction Finance Corporation the authority to make self-liquidating loans.

Mr. LONG. Will the Senator yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. CONNALLY. I yield.

Mr. LONG. I want to call the Senator's attention to the fact that none of these securities were of such character that the issuing authority could not pay the interest or could not meet the taxes on them, but they were bonds for which there was no market.

Mr. CONNALLY. To be sure. Why?

Mr. LONG. Because there has been no market for municipal bonds. However, they had sold at 4¾ percent until the market broke down.

Mr. CONNALLY. Very well. Here is a bond which the Senator says that they could not sell; a good bond that was worth 100 cents on the dollar, with interest at 4¾ percent a fine bond, and he says that at the Treasury it ought to be worth 100 cents on the dollar, because he took it over there and got 100 cents on the dollar; and yet he admits that out in the market there is no sale for it at all. In other words, people who are handling their own money will not buy it; the only people who will buy it are those who handle the money of somebody else, the money of the Treasury of the United States.

Self-liquidating! Mr. President, there is "no such animal" as a self-liquidating corporation. I dare say some years ago we would have thought that the National City Bank was self-liquidating. Its stock sold for about $600 or $700 a share, as I remember.

Mr. TYDINGS. I think it sold for $1,500 at one time.

Mr. CONNALLY. The Senator from Maryland, who is much better informed on banking matters than am I, says that the stock sold for $1,500 at one time. What is it selling for now? For 30 or 40 cents on the dollar. Self-liquidating!

Mr. COUZENS. Mr. President, I should like to ask the Senator if it has not been self-liquidated?

Mr. CONNALLY. It has self-liquidated in the opposite direction; that is all. It has liquidated its stockholders. Talk about self-liquidating! What about the other great banks? What about the little State banks that the Senator from Louisiana is continually talking about? I suppose they are self-liquidating. Yes, they are; yes, they are automatically self-liquidating. Just let them run a little while and a great many of them will liquidate without any action by anybody else. Self-liquidating!

Mr. President, I want to warn the Senate. We ought to cut down the operations of the Reconstruction Finance Corporation. It has now been running over a year, and a concern that has been able to get along thus far without borrowing from the Reconstruction Finance Corporation ought not to have the doors of the Treasury thrown wide open to it. Those concerns that have borrowed, if they have been able to repay any part of their loans, can go down to the Reconstruction Finance Corporation and pay on the old loan and get a new loan, and in making that new loan they are only required to furnish such security as, in the judgment of the Reconstruction Finance Corporation, is adequate. Does the Senate want to assume the responsibility of passing upon what is adequate security? Do we want to tell the Reconstruction Finance Corporation that when a man offers it a piece of blue-sky paper, the certificate of a corporation, it has got to loan him 90 percent, whether the certificate is worth one cent or a hundred cents?

Mr. President, the Reconstruction Finance Corporation would pass the responsibility back to the Senate and say to the Congress, "We did not want to make this loan; we knew the security was not adequate; we knew it was not worth the engraved paper upon which it was printed; but the Congress said we had to loan 90 percent, and we loaned it." We ought to make more stringent rather than more liberal, we ought to make more careful rather than more reckless the regulations and laws that govern the Reconstruction Finance Corporation.

In a very large measure I agree with the distinguished Senator from Virginia [Mr. GLASS], who while speaking here some days ago said that he believed the activities of the Reconstruction Finance Corporation ought to be arrested, and that the Corporation ought to be abolished. I probably would not go quite that far at the moment, but, Mr. President, at least the Congress ought to put the brakes on; it ought to tell the Reconstruction Finance Corporation to quit loaning the people's money to every fly-by-night scheme which the imagination of promoters can conjure up and which the greed and selfishness of men who want to finance their operations out of the Treasury are able to devise.

I shall vote against the amendment of the Senator from Louisiana and I shall vote for the bill, because I think that, in the present emergency, in the condition in which the State banks find themselves, it is sound and just that the Reconstruction Finance Corporation and the Federal Reserve System should make loans to those banks, provided, however, that they have the security, that the Government will get its money back in due time, and that the relief which may be extended will tend to revive and stimulate these banks so that they may go ahead and operate and serve the business and commerce of the United States.

Mr. COUZENS. Mr. President, the Senator from Louisiana has constantly referred to the act of March 9, 1933, and has constantly repeated the provisions of section 10 (a) and his amendment mentions the 90 percent referred to in that section.

Section 10 (b) is apparently the section under which he wants the Reconstruction Finance Corporation to take security and loan 90 percent. Section 10 (b) has no reference to the 90 percent provision; and yet the Senator has repeatedly stated that the act which we passed on March 9 permitted the Federal Reserve Board to lend 90 percent of the value of the securities deposited as collateral.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. COUZENS. Certainly.

Mr. LONG. I referred to section 401; I did not refer to section 10 (b), which the Senator from Michigan mentioned, although I am familiar with that section also. Section 401, however, certainly does allow circulating notes to be issued on 90 percent of the estimated value of the securities offered.

Mr. COUZENS. I understand that, but there is not a bank that the Senator is talking about that has the kind of securities up with the Reconstruction Finance Corporation that are referred to in section 401.

Mr. LONG. Not even notes, drafts, bills of exchange, and bankers' acceptances?

Mr. COUZENS. Certainly not.

Mr. LONG. Even the Japanese Government floats those.

Mr. COUZENS. There is nothing about the Reconstruction Finance Corporation in this particular section.

Mr. LONG. Not the Reconstruction Finance Corporation, but they are both agencies of the Government. If the Federal reserve bank is allowed to issue direct to the Federal reserve member banks, why should we prevent another agency of the Government, the Reconstruction Finance Corporation, which has paper on hand, from doing the same thing the Federal reserve bank is doing? What is the difference?

Mr. COUZENS. We can have several agencies issuing currency, but, from my observation, the kind of collateral for loans made by the Reconstruction Finance Corporation is the kind of collateral that is referred to in section 402, subsection 10 (b). That is the kind of collateral where a bank can borrow money from the Federal Reserve System after they have exhausted all their Government bonds and their commercial paper and notes that are ordinarily eligible for rediscount at any time. That is the kind of paper on which the Federal Reserve System is permitted to issue 90 percent of currency.

If the Senator will read section 10 (b) he will find that the kind of collateral referred to there is the kind of collateral that is now up with the Reconstruction Finance

Corporation to secure bank loans. Certainly the Senator from Louisiana and certainly the Senate itself do not want to instruct the Reconstruction Finance Corporation to take the collateral referred to by the Senator from Virginia [Mr. GLASS] as "cats and dogs" and permit the issuance of currency on such collateral up to 90 percent of the value thereof.

Mr. LONG. Mr. President, will the Senator permit another interruption?

Mr. COUZENS. I yield.

Mr. LONG. The amendment is in the very terms of the act for which the Senator from Michigan has voted, containing a provision as to loans up to 90 percent of the estimated value. I have not referred to "cats and dogs", but I want to say to the Senator from Michigan that the Reconstruction Finance Corporation today is taking a great quantity of security that it says has no value; and yet, although they say it has no value, they take it and require it to be put up anyway and say, "Well, while it is not worth anything, we are going to take it and hold it in order that if it is ever worth anything it will further guarantee the loan made." If we have otherwise adequately secured a loan 3 or 4 to 1, I am only advocating that a loan may be made up to 90 percent of the estimated value, as the Senator from Michigan has voted for.

Mr. COUZENS. But the Senator is asking for a different class of security on which these notes shall be issued. There is nothing in section 10 (b) which has any reference to the same sort of collateral that is referred to in section 10 (a) of section 401. If the Senator from Louisiana wants to revise the Reconstruction Finance Corporation law, and liberalize it, why does he not introduce a bill and have it referred to the Committee on Banking and Currency, rather than to try to have such a measure added to a banking bill that has already been considered by the committee? If the Senator's contentions are correct, that they have required as security three or four times the amount of a loan, let that be testified to before the Banking and Currency Committee and let that committee report. I do not want these little banks to be required to put up three or four times the collateral that is necessary for the loan, but we have no facts before us to substantiate that statement. If the Senator wants to proceed along the line he has suggested, he ought to introduce a separate bill and have it referred to the Banking and Currency Committee for consideration.

I concur largely in what the Senator from Texas [Mr. CONNALLY] has said. Over 800 banks which have had loans from the Reconstruction Finance Corporation have already failed, and in all probability those loans, in many cases, will not be repaid.

Then the Senator from Louisiana knows as well as most Senators know what is meant by "smart money." This "smart money" has been taken out in Louisiana, the Senator knows; and I think every Senator knows that "smart money" has been taken out of banks that have had loans from the Reconstruction Finance Corporation.

It was not a difficult problem in many of these cases for a substantial and well-known citizen to apply to a small bank and ask for his money. The small-bank cashier or president would say, "Well, John, I cannot pay that today. It will reduce my reserves." The big-business man says to the cashier, "Why, take your collateral down to the Reconstruction Finance Corporation and borrow the money, and then you can pay me." So the little-bank official, not wanting to offend the big-business man in the small town, takes his collateral down to the Reconstruction Finance Corporation and borrows the money and gets it back there, and the smart fellow draws out his money; and that is what we call "smart money."

I am not in favor of extending that opportunity. I have protested that sort of "smart money" being taken out of the banks at the expense either of the other depositors or of the Federal Government. To adopt an amendment to this bill such as suggested by the Senator from Louisiana would just enable the obtaining of more "smart money"; and for that and other reasons this amendment should not be agreed to.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana [Mr. LONG].

The amendment was rejected.

Mr. ADAMS. Mr. President, I sent to the desk earlier in the day a proposed amendment, but the page and line as given then were the page and line of the Steagall bill as it was then before us. I have furnished the correction to the clerk, and I should like to have my amendment stated now.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The CHIEF CLERK. The Senator from Colorado offers the following amendment to the amendment of the committee:

On page 3, line 19, beginning with the word "and", strike out the following: "and a thorough examination of the applying bank or trust company."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado to the amendment of the committee.

Mr. ADAMS. Mr. President, I desire to make a few comments in reference to this amendment.

The Steagall bill is the Robinson bill with certain additions. Those additions, as I have examined them, fall into two classes, one of which was needless and the other of which does damage to the Robinson bill. In my judgment, the Robinson bill is preferable to the Steagall bill.

I am interested in the small banks, State and national. Throughout this country, Mr. President, the nonmember banks have over one half of the available banking deposits. The total runs to some $22,000,000,000; and it is of the gravest commercial importance to preserve the integrity of those bank deposits.

The bill introduced by the Senator from Arkansas [Mr. ROBINSON] was with the view of aiding the nonmember banks.

In a hurried way this is the situation in reference to the rediscount privileges:

The Federal Reserve Act gave member banks the privilege of rediscounting certain classes of paper, mostly short-time paper, which was designated commercially and in banking circles as eligible paper. The act of February 27, 1932, gave to member banks the additional right to rediscount noneligible paper in exceptional circumstances. The act of July 21, 1932, gave to nonmember banks, which had no rediscount privileges formerly, under the language "individuals, partnerships, and corporations," the right to rediscount eligible paper in unusual and exigent circumstances, subject to such limitations, restrictions, and regulations as the Federal Reserve Board might prescribe.

It is open to argument that the act of July 21, 1932, in using the term "eligible paper," used it so as to include both the original classes of paper which the Federal Reserve Act permitted member banks to rediscount, and the additional classes of paper which were authorized for rediscount by the act of February 27, 1932; but there is some question as to that.

The Emergency Banking Act of March 9, 1933, did not add to the rediscount privileges of member banks. I think there has been a misunderstanding as to what was accomplished by that act. As I read the provision of the Emergency Banking Act, it only enlarges the rediscount privileges of member banks in two respects. It took out of the original act a limitation which forbade banks with capital stocks in excess of $5,000,000 from securing rediscount privileges, and thereby extended the rediscount privilege to those larger banks. It also took out the prohibition against granting rediscounts based on foreign securities. Those were two things that were taken out, and that was practically all that the act did in the way of enlarging rediscount privileges.

The Robinson bill sought to extend to nonmember banks certain rediscount privileges. In my judgment, there was no addition of rediscount privileges in the Robinson bill over and beyond those extended by the existing legislation.

The Steagall bill, under the guise of perfecting the Robinson bill, restricts and limits the rediscount privileges of nonmember banks so as seriously to impair, if not to destroy, them.

Now let me call your attention to some of the limitations which are imposed upon the nonmember bank by the Steagall bill.

In the first place, the rediscount privileges are limited to the emergency, or until the President shall declare the section nonoperative, but in no event beyond the period of 1 year.

Then the rediscount privileges are subject to the regulations of the Federal Reserve Board, and that Board will not be unduly liberal in granting rediscount privileges to nonmember banks.

Third, rediscounts are permitted only after inspection and approval of collateral by the Federal reserve bank.

Fourth, it requires the written approval of the State bank commissioners of the loan.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Louisiana?

Mr. ADAMS. I do.

Mr. LONG. If I may interrupt the Senator, as I understand, his amendment is to restore the provision of the Robinson bill.

Mr. ADAMS. Substantially.

Mr. LONG. Yes; substantially.

Mr. ADAMS. To take down some of the barriers and some of the hurdles that have been put up.

Mr. LONG. What this has done, as I understand, is to put up several other things that have to be complied with, several other things that have to be gone through, and several other examinations that have to be made.

Mr. ADAMS. Correct.

Mr. LONG. And then some money has to be put up that you are not supposed to have.

Mr. ADAMS. Correct.

Then a certificate is required from the State bank commissioner that the nonmember bank is sound and solvent.

Then it is required that the nonmember bank discounting must comply with all of the provisions of the Federal Reserve Act with the exception of the purchase of stock.

Then the maintaining of reserves with the Federal reserve bank is required to the same extent as is required of member banks, so that the nonmember bank may be compelled to maintain its original reserves with its correspondents and then accumulate additional reserves.

Finally—and this is the provision I have asked to have stricken out—after all of these requirements have been exacted, of compliance with the regulations of the Federal Reserve Board, of approval of the security by the Federal Reserve Board, of certificates of solvency and of other certificates, and of putting up reserves, it is required that before the rediscount be granted there shall be a thorough examination of the nonmember bank.

In other words, you must wait. There may be an emergency. The nonmember bank, one of many, may be needing help. It sends collateral, asks for rediscount privileges, and is told, "Before you can have rediscounts there must be a thorough examination of your bank." How long it will take to get the examiner in the first instance, and how long it will take him to make an examination in the second, we do not know; and those are things which set up hurdles over which the ordinary nonmember bank cannot get.

Therefore it seems to me in the interest of the nonmember banks, not to enable them to do something new, Mr. President, but to permit them to avail themselves without additional hindrance of the privileges now existing, that this language should go out.

Mr. GLASS. Mr. President, I had hoped not to have anything to say upon this bill or any of the proposed amendments; but the amendment proposed by my friend the Senator from Colorado, it seems to me, is a dangerous amendment.

His argument is not new to members of the Banking and Currency Committee, because he there proposed the amendment, and it was largely voted down after hearing his impressive argument—because the Senator from Colorado, to me, is always impressive, and it distresses me always to disagree with him, and in this instance it surprises me to have him disagree with me.

Mr. President, nonmember State banks for 19 years have had the option and the privilege of coming into the Federal Reserve System and securing themselves against disaster such as has been threatened in recent months. If now we are to give them superior advantages to member banks, which all these years have paid the entire cost, first of the establishment of the System, and since of its maintenance, why should any member bank want to remain a member of the System? What is the use of the System at all?

I have said that I see no need for any of this legislation, for the reason that under existing law nonmember State banks are authorized and permitted to apply to their correspondent banks which are members of the System and enjoy the credit facilities of the Federal Reserve Banking System. That has been the law from the beginning; and I am told that for the first time since the adoption of the Federal Reserve Act the Federal Reserve Board, realizing the gravity of this situation, has already adopted a regulation authorizing Federal Reserve banks to make loans of this character to nonmember banks.

Moreover, Mr. President, to indicate to what extent we have gone to afford the facilities of the Federal reserve banks to nonmember banks, we adopted a provision in the so-called "Wagner relief bill" authorizing not only nonmember banks but permitting individuals, partnerships, and corporations, including State banks, to apply directly to the Federal reserve banks for accommodation when they fail to get accommodation from other banking sources. In other words, it appeared, as Senators will recall, that the member banks of the Federal Reserve System were refusing to function. It will be recalled that I pointed out that they had equitably distributed throughout the country $3,000,000,000 and more of eligible commercial paper, which they were privileged to rediscount with the Federal reserve banks, and, in addition to that, had $5,000,000,000 of United States securities, which they were privileged to use in their operations with the Federal Reserve bank, making a total of more than $8,000,000,000 which could be rediscounted, whereas they had rediscounted less than $400,000,000. It was because of that situation that I offered this rider to the Wagner relief bill, authorizing individuals, partnerships, and corporations failing to get accommodations from these Federal reserve banks to apply directly to the Federal reserve banks. So that any reputable individual who has credit, and who has in his possession eligible paper for rediscount, and who fails to get accommodation at his individual bank, may go directly to the Federal Reserve banks and be accommodated.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. GLASS. I yield, of course.

Mr. ADAMS. My inquiry was whether or not the bill we were discussing did not in fact put limitations upon the very measure the Senator had adopted? Would not the measure as it exists today grant privileges which would not exist if this Steagall bill were adopted?

Mr. GLASS. No; I do not think so, although I do not think the measure is necessary.

The Senator, surprisingly to me, objects to the requirement of a thorough examination of the applying nonmember banks.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. ROBINSON of Arkansas. I have learned that some Senators desire to make speeches which would prolong the session this evening for an hour or two, and I think we can readily dispose of the bill early tomorrow. For that reason, unless some Senator objects, I am going to move for a brief executive session and then ask the Senate to take a recess until 12 o'clock tomorrow. We have no other business before the Senate than the pending bill, and we can easily dispose of it tomorrow; but two or three Senators have advised me that they desire to speak on it.

I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, this morning I asked unanimous consent for the consideration of two nominations which, at the request of the Chairman of the Committee on Foreign Relations [Mr. PITTMAN], I reported to the Senate. It was then suggested by the Senator from Oregon [Mr. McNARY] that the matter be deferred until later in the day. I now renew my request for the present consideration of the nominations.

The VICE PRESIDENT. The clerk will report the first nomination.

ROBERT WORTH BINGHAM

The Chief Clerk read the nomination of Robert Worth Bingham, of Kentucky, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Great Britain.

Mr. McNARY. Mr. President, I objected this morning to the immediate consideration of the nominations on account of the absence of the ranking Republican member of the Committee on Foreign Relations, the Senator from Idaho [Mr. BORAH]. I am advised that it will be satisfactory now that the nominations be confirmed, and I have no objection.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

The nomination was confirmed.

IRVING N. LINNELL

The Chief Clerk read the nomination of Irving N. Linnell, of Massachusetts, now a Foreign Service officer of class 2 and a consul general, to be also a secretary in the Diplomatic Service of the United States of America.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

The nomination was confirmed.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the President be notified of these confirmations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, as in legislative session, I move that the Senate take a recess until 12 o'clock tomorrow.

The motion was agreed to; and the Senate (at 5 o'clock and 52 minutes p.m.) took a recess until tomorrow, Thursday, March 23, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 22 (legislative day of Mar. 13), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Robert Worth Bingham to be Ambassador Extraordinary and Plenipotentiary to Great Britain.

SECRETARY IN THE DIPLOMATIC SERVICE

Irving N. Linnell to be a secretary in the Diplomatic Service.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 22, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

In the distribution of the gifts of Thy providence, O Thou eternal God, there is no respect of persons. Thou dost make the sun to shine on the evil and the good and sendeth rain upon the just and the unjust. In the ministry of love lead us along this pathway that means fullness and richness of character. O judge us tenderly and mercifully. Bless us this day with the generous pleasure of deeds kindly done. Let the spirit of the Master pervade our beings, shaping our thinking and influencing our activities. Again we bear our country to the altar of prayer. Soon, ah, soon, let us catch the undertone which assures us of a brighter and a better day. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

SWEARING IN OF A MEMBER

Mr. FREAR. Mr. Speaker, my colleague, Mr. PEAVEY, is present. He has been prevented from attending heretofore by illness. He desires to take the oath of office.

Mr. PEAVEY appeared at the bar of the House and took the oath prescribed by law.

DISPENSING WITH BUSINESS OF CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the business of Calendar Wednesday, today, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

OTHER PEOPLES' MONEY

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my own remarks on the bill (H.R. 4003) to regulate commerce among the States, to promote the general welfare by strengthening confidence in life insurance, and by protecting the policyholders of life insurance, a bill introduced by me, and include therein a copy of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I desire to state, very briefly, some of the considerations that have induced me to introduce H.R. 4003, a bill to regulate interstate commerce, to promote confidence in life-insurance companies, and to protect the rights of policyholders. During these days when revelations and discoveries are being made concerning the morals and ethics, or more properly, the lack of good morals and of high ethical standards, among the so-called "big business men", and especially the bankers of this country, we are forced to wonder what will come next, and what dangers and unsound practices may be next disclosed.

BANKER IN JAIL

I refer, very briefly, to the horrors of the Insull investigations. Also, to the complacent and nonchalant attitude of Charles E. Mitchell, formerly chairman of the board of directors of the National City Bank, of New York, perhaps one of the largest, if not the largest bank in the world. Mr. Mitchell did not realize that he had done anything wrong by resorting to a fraudulent device to make his income-tax return appear in the red. He seemed to think it was a smart trick to transfer, without an actual bona fide sale, enough bank stock to his wife to offset the bonuses and commissions which were paid him for his services as chairman of said board of directors, amounting to nearly $3,000,000, in less than 3 years. Some intelligentsia and highbrows and sympathizers with the barons among bankers and the big leaders of industry have charged that the popular feeling toward Wall Street was based upon mere prejudice and ignorance. In fact, some people have said that the business ethics of Wall Street is higher than the business ethics of Main Street. "Main Street" is a generic term to represent our small cities and towns. But today's newspaper reports the fact that the said Charles E. Mitchell has been arrested as a common criminal, on the ground that he had attempted to commit a fraud upon his own Government. It is charged that Mr. Mitchell would seek to deprive his Government of over $600,000 in taxes, when that Government has been spending over $4,000,000,000 a year to maintain itself, and thereby to protect and to defend the enormous investments